

CHICAGO PUBLIC SCHOOLS

# Proposed BUDGET

2016 - 2017



**Board of Education of  
the City of Chicago**

Frank M. Clark, *President*

Jaime Guzman, *Vice President*

***Members***

Rev. Michael J. Garanzini, S.J.

Mark F. Furlong

Mahalia A. Hines

Gail D. Ward

Dominique Jordan Turner



**Chicago Public Schools**

Forrest Claypool

*Chief Executive Officer*

Janice Jackson

*Chief Education Officer*

Ron DeNard

*Senior Vice President of Finance*



Official FY2017 Budget Documentation including integral data tables, as well as interactive features that make additional information more easily accessible, can be found on the Chicago Public Schools website at [www.cps.edu/budget](http://www.cps.edu/budget). This PDF Budget Guide and the Budget website should be read together to provide complete information on the proposed budget plan.



---

August 8, 2016

Dear Friends & Colleagues,

As we look forward to another upcoming school year, let us first recognize that this is an exciting time in the history of Chicago Public Schools (CPS).

Our students have again outpaced the academic growth of their national and state peers in both math and reading, while the average ACT score, freshmen-on-track to graduate rate, and graduation rate have reached the highest measures on record. There is no question that, because of the work our educators, school leaders, staff and partners do each day, that schools across the city are experiencing a strong momentum that will lead our children to academic achievement.

Just last year, however, our progress was threatened by a deficit in excess of \$1.1 billion that peaked as a result of both soaring pension costs and a simultaneous reduction in funding, and we were forced to spend much of the year considering cuts that would have unquestionably devastated our school system.

Instead of buckling under this challenge, CPS families and educators joined together with community partners and elected leaders to put our students first. Their voices were heard loud and clear in Springfield, where lawmakers took steps to begin addressing the unequal funding approach that has for too long hurt school districts across the state. Through a tax increase on Chicago homeowners and several legislative measures, CPS will see more than \$600 million in new revenue in FY17. While more work remains, most importantly, these legislative measures also lay the groundwork for continued action to address the inequity that hurts our classrooms and deprives our students of needed resources in the year ahead.

Coupled with our own reforms, as well as the participation of Chicago's taxpayers, we're pleased to report that our District's finances are more stable today than they have been in years.

We have worked aggressively over the past year to reduce administrative and Central Office spending by operating more efficiently. While many of these initiatives required sacrifice and unprecedented midyear adjustments from our staff, through a combination of cuts, furlough days, and benefit adjustments we were able to reduce our FY16 budget by \$147 million – helping us to spend \$225 million less than budgeted. These savings will continue to be realized for the full year in FY17, increasing our savings to \$173 million.

Chicago residents, an integral part of our community, remain committed to supporting children and schools—the lifeblood of our city. For years, CPS has faced an agonizing choice between funding the pensions that our teachers have earned, or funding the classrooms where our students are doing better than they've ever done before. In FY 16 alone, this meant putting \$676 million into pensions – the equivalent of nearly 7,000 teacher salaries. Chicagoans will be directly funding teachers' pensions with a property tax levy generating approximately \$250 million in revenue to protect our teachers' futures.

Thanks to these three factors – compromise in Springfield, CPS' management reforms and efficiencies, and partnership from Chicago's taxpayers – the cuts we once feared as inevitable were avoided. However, a balanced budget remains a priority for our administration, and work has continued to make that a reality for our District as we've closed the remaining \$300 million budget gap for FY17.





To close the remaining \$300 million budget gap this year, we are implementing continued management reforms, as well as the adoption of multiple strategies to centralize administrative burdens and maximize resources for our schools including:

- Using our economy of scale more than ever before to save tens of millions, centralizing and concentrating the District's purchasing power to obtain lower prices from vendors;
- Centralizing certain responsibilities, and removing some financial and accounting administrative burdens from school-based staff;
- A series of efficiencies in scheduling and transportation, as well as capturing savings from unfilled vacancies; and
- More efficient use of federal revenues, including waivers that allow for more expenditures to be eligible for federal reimbursement, as well as increasing enrollment of students eligible for Medicaid.

These initiatives, many of which resulted from numerous strategy sessions with principals, ensure that we are aggressively pursuing strategies that benefit all of our students, while positioning CPS to be stronger and more stable for the future.

In addition, in FY17, CPS will be making much-needed investments in schools' infrastructure and capital needs in the classroom. With this budget, the District is investing at least \$338 million in needed capital improvements to schools, including repair, modernization and overcrowding relief in neighborhoods throughout the city. Later this fall, the District will continue working to secure funding for additional projects that will not only address overcrowding and deferred maintenance, but to also complete the District's efforts to modernize schools' online infrastructure, air conditioning projects and playlots for every child in the city. The District anticipates announcing this supplemental capital plan later this fall.

The future looks bright for CPS – our hard work is paying off and our students will continue to be set up for success. While we know we're not out of the woods yet, we will continue to work with our elected leaders. We believe that our state's leaders will live up to their commitments for FY17, and we remain steadfast in our resolve to build on this commitment to secure a long-term education funding solution in Springfield – a solution that, once and for all, will help eliminate a structural deficit due in part to the state being last in the nation in education funding and CPS being the only district in the state to face escalating pension costs.

Over the past year we have faced an unprecedented financial crisis, and have seen an unprecedented commitment from our staff, families, and larger community in response. While each decision has been challenging, we owe it to our students to continue our aggressive and disciplined approach to put our fiscal house in order this year, as we work to ensure a stable future for our city's schools.

Sincerely,

Forrest Claypool  
Chief Executive Officer

Dr. Janice K. Jackson  
Chief Education Officer







GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished  
Budget Presentation  
Award*

PRESENTED TO

**Chicago Public Schools  
Illinois**

For the Fiscal Year Beginning

**July 1, 2015**

CONFIRMATION OF RECEIPT OF AWARD

*Jeffrey R. Enns*

Executive Director

# TABLE OF CONTENTS

Letter from CPS Leadership

Table of Contents

Reader's Guide ..... 1

Budget Overview ..... 4

Budget Overview

Investing in Students' Futures

Addressing the Budget Gap

Closing the Remaining \$300 Million Deficit

Table 1: Closing the Remaining \$300 Million Deficit

Management Reforms and Efficiencies Reflected in the FY17 Budget

Additional Financial Context

Chart 1: Annual Pension Contribution

FY17 Overview

FY17 Budget Protects Classrooms

Table 2. FY17 Proposed Operating Budget

Local Revenues

State Revenues

Federal Revenues

Pension Burden Accelerates in FY17

Chart 2: CPS's Required Employer Contributions to CTPF Grows Significantly

Chart 3: State Pension Inequity Remains Dramatic

Capital Budget Overview

Debt Budget Overview

Chart 4: Debt Service Will Consume 44% of GSA by FY21

Conclusion

Appendix I: FY16 Operating Budget Financial Performance

Appendix I Table 1: FY16 End-of-Year Estimates

Appendix II: FY17 Summary Charts

Appendix II Chart 1: Salaries and Benefits Make Up 67% of the Budget

Appendix II Chart 2: Of the 37,091 Positions, 97% Directly Support Schools

Appendix III: Major Changes From FY16 Projected Expenditures to FY17 Budget

Revenue ..... 23

Schools & Networks ..... 36

Department Narratives Overview ..... 50

Access and Enrollment ..... 52

Board of Education ..... 54

Chief Administrative Office .....	56
Chief Education Office .....	58
College and Career Success .....	62
Communications .....	65
Diverse Learner Supports and Services .....	67
Early Childhood Education .....	71
Early College and Career Education .....	75
Executive Office .....	78
Facilities Operations and Maintenance .....	79
Finance .....	82
Grants Finance Office .....	86
Information and Technology Services .....	88
Innovation and Incubation .....	91
Inspector General .....	94
Internal Audit & Compliance .....	96
Language and Cultural Education .....	98
Law .....	100
Leadership and Learning .....	102
Network Support .....	105
Nutrition Support Services .....	109
Payroll Services .....	111
Personalized Learning .....	113
Procurement .....	115
Public and External Affairs .....	117
Safety and Security .....	119
School Counseling and Postsecondary Advising .....	122
School Quality Measurement .....	125
School Support Center .....	127
Social and Emotional Learning .....	129
Sports Administration and Facilities Management .....	131
Student Health and Wellness .....	133
Student Support and Engagement .....	135
Student Transportation Services .....	137
Talent .....	139
Teaching and Learning .....	141
Title I and School Improvement .....	146
<b>Pensions .....</b>	<b>148</b>
<b>Capital Budget .....</b>	<b>156</b>
<b>Debt Management .....</b>	<b>163</b>

<b>Cash Management</b>	<b>173</b>
<b>Organizational Chart</b>	<b>175</b>
<b>Fund Balance Statement</b>	<b>177</b>
<b>Fund Descriptions</b>	<b>180</b>
<b>Appendices</b>	
A – District and Community Demographics	184
B – School Funding Formulas	190
C – Budget Process	209
D – Financial Policies	210
E – Glossary	215

## **Reader's Guide**

The Chicago Public Schools' FY17 Proposed Budget is the financial and policy plan proposed to the Chicago Board of Education for the fiscal year beginning July 1, 2016 and ending June 30, 2017. The District makes the proposed budget available to the public at [www.cps.edu/budget](http://www.cps.edu/budget), which contains the official budget document as well as interactive features that make additional information more easily accessible.

### **Interactive Budget Reports**

We are providing enhanced interactive budget reports that allow you to view the entire operating budget and get more detail on any component of the budget.

The interactive reports include:

- Budget by Unit, including schools and Central Office departments
- Budget by Fund, such as general fund or federal and state grants
- Budget by Account, such as salary, benefits, commodities and contracts
- Budget by Program, such as instruction, support services and community services
- Revenues & Expenditures report, providing information on debt service and capital funds, as well as general operating funds
- School List, which lists all schools by network

The reports are designed to provide more detail as you scroll down the page. For example, if you search under "Budget by Unit", the parent unit – that is, top-level departmental unit – FY17 budget vs. FY16 expenditures year-to-date is displayed first, followed by a list of full time-equivalent positions budgeted vs. filled at the fiscal year end. The individual department units that roll up to the parent unit are then shown, with budgets and positions listed by Fund-Grant. For tracking purposes, grants that are subject to rollover each year are assigned a new 6-digit identifying number, and some grant periods cross fiscal years.

Expenses are identified by program numbers, which correlate to State function codes. Code 1000, for example, pertains to all instruction-based expenditures. Select State Function Description to get a complete list of program names and numbers.

The School List report is the quickest way to get budget information about a particular school. The top of the report contains a search box where you can type in a school name and go directly to that school's budget.

School budget reports provide information about:

- Student and teacher counts
- A school's budget by account
- A school's budget by fund source
- The number of teacher and support personnel positions staffed at the school

The school budget reports also allow you to drill down for more detailed information.



## **Budget Book Chapters**

The FY17 Proposed Budget includes narrative overviews of Chicago Public Schools (“CPS”) programs, goals, financial policies and procedures, a budget summary and detailed financial tables. These chapters are accessible from the list of links on the left side of the screen on the home page of the budget website.

The following chapters are included:

### **Budget Overview:**

This chapter summarizes the District’s financial position, outlining the goals and objectives that CPS seeks to achieve in the current fiscal year and in the future. Summary tables provide additional details of the financial picture.

### **Revenue:**

Included in this chapter is a description of each of the District’s revenue sources, the assumptions and factors that influence our revenue projections and year-to-year comparisons.

### **Schools and Networks:**

This chapter provides an overview of school budgets and the resources given to schools, as well as a year over year comparison of total school funding. It defines the various types of schools in Chicago, the demographics and the programs provided to students. District-run schools are organized into Networks, which provide administrative support and leadership development.

### **Departments:**

Profiles of each Central Office department, including its mission and major programs, FY17 budget summary, major accomplishments and key budget initiatives are included in this chapter.

### **Pensions:**

This chapter provides a basic overview of the District’s pension obligations and challenges.

### **Capital Budget:**

The Capital Budget chapter describes our plan for major infrastructure investments. Because capital projects often take longer than one year to complete, a separate capital budget is prepared. This chapter outlines the projected expenditures for multi-year projects and explains the impact of the capital budget on operating expenses. A separate capital budget website with more detailed information on all of the projects can be found on the CPS website.

### **Debt Management:**

This chapter provides detail on the Board’s debt management practices. It presents a complete picture of the District’s use and management of debt. It includes a list of the current outstanding debt, proposed debt issuances and all debt service requirements.

### **Organization Chart:**

An updated organizational chart reflecting the new administration will be posted to this report when it becomes available.

**Fund Balance Statement:**

This chapter explains CPS' goals for maintaining a minimum fund balance (cash reserve) and how it is calculated.

**Fund Descriptions:**

Funds are separate accounting entities that ensure taxpayer dollars are spent as authorized. This chapter describes the four governmental fund types used by CPS: General Fund, Special Revenue Funds, Capital Projects Funds and Debt Service Funds. CPS will continue to distinguish how funds are received and spent by using the following categories: General Budgeted Funds, School Generated Funds, State and Federal Grant Funds, Capital Projects Funds and Debt Service Funds.

**Cash Management:**

This chapter provides detail about CPS' projected cash flow throughout the fiscal year, and explains its cash management strategies.

**FAQs:**

In this section we have included answers to some of the typical questions we receive about the Budget Book.

**More Information:**

This section includes information on demographics, school funding formulas, historical revenue/expenditure tables, the budget process, financial policies, the budget resolution and a glossary.

- **Appendix A – Demographics:** Provides detailed information about the District structure, school population and employees, and a view of the larger community in which our students and their families reside.
- **Appendix B – School Funding Formulas:** Outlines the funding formulas used to allocate resources to schools.
- **Appendix C – Budget Process:** As required by law, CPS follows a detailed budget calendar and process, which is provided in this section.
- **Appendix D – Financial Policies:** Explains the policies and procedures followed during the budget process.
- **Appendix E – Glossary:** Provides an alphabetical listing of specialized terms found throughout the budget book.

## **Fiscal Year 2017 – Budget Overview**

Thanks to Chicago taxpayers, Springfield leaders and management reform at Chicago Public Schools, the District's FY17 budget establishes a new foundation for greater fiscal stability. The budget positions the District to improve educational results and operational efficiency while directing as much funding as possible to classrooms. Above all, this budget allows CPS and our families to assure our students' continued academic growth, achievement and post-secondary success.

In addition to presenting a stable, balanced budget for the coming year, this budget also provides a roadmap for longer-term stability. In the coming year, CPS will continue to harness the energy and enthusiasm of school communities that pushed for education funding reform, along with our partners in downstate, suburban and rural districts who educate students in poverty.

There are several important developments in this budget proposal that stabilize the District's finances and improve on the FY16 budget:

- This budget does not rely on gimmicks or operational borrowing to balance.
- This budget significantly reduces expenditures within the District's control, with an operating budget that is \$232 million less than the FY16 operating budget, even as pension contributions and health care continue to skyrocket.
- This budget includes a landmark "Equity Grant" from the State of Illinois, which acknowledges that the State needs to improve how it funds the education of students in poverty.
- This budget includes a \$215 million commitment from the State for the normal costs of CPS teachers' pensions – a major step toward pension equity with other teachers in Illinois.
- This budget allows Chicagoans to play a greater role in protecting classrooms, by restoring a property tax levy of \$250 million for teachers' pensions – ensuring other funding remains in the classroom.
- This budget includes major administrative streamlining efforts – including \$200 million in cost-savings measures that have already been realized, with tens of millions more in projected savings – that reduce the District's footprint to direct funds toward the classrooms.

All told, the new funding for FY17, combined with a year of administrative cuts and management reforms, narrowed the District's starting budget gap of \$1.14 billion in August 2015 to \$300 million.

The District is closing the remaining gap with anticipated savings from a labor agreement with the Chicago Teachers Union, eliminating vacant positions, centralizing and streamlining schools' financial and other functions, making additional grant reallocations, reforming procurement, savings from teacher retirements (thanks to a wage differential), scheduling and transportation efficiencies, enhancing revenue collections and proportional administrative reductions in charter schools.

## **Investing in Students' Futures**

Even in a challenging year and with challenges ahead, CPS continues to invest in areas that drive student achievement. Over the past five fiscal years, CPS has:

- Invested heavily in dual credit/dual enrollment options, expanding access to college credit and exposing students to a rigorous academic environment to prepare them for college. CPS has expanded these programs from 15 to 60 schools to serve more than 4,200 students.

- Became the first school district in the country to elevate computer science as a core high school requirement by creating a computer science graduation requirement.
- Moved to a Full School Day and Full School Year for all students, providing students the critical time they need to learn. Elementary students gained 75 minutes in the school day for a 7-hour day while high school students gained 30 minutes to create a 7.25-hour day. Students gained a total of 10 instructional days.
- Prepared our youngest students to succeed by implementing Full Day Kindergarten for all students and expanded Pre-K programs through the Chicago: Ready to Learn! initiative.
- Increased the number of full day pre-K classrooms to 239 – a 134 percent increase – across the district.
- Expanded Safe Passage by 105 schools since 2011, serving 75,000 children who can focus on their studies and not their safety. There have been no major incidents involving students on Safe Passage routes during the program’s operational hours.
- Strengthened neighborhood schools with further investments in high quality STEM and IB programs, expanding IB by more than half so that CPS now has the largest IB network in the nation. With the added IB programs, CPS now serves 13,000 students. New STEM programs serve 8,300.
- Beginning in 2015, opened five parent universities to engage and support parents. These efforts build on the successful 46 Parent Engagement Centers established since the Mayor took office.
- Invested in Arts Education, launching the first-ever Arts Education plan.
- Committed to Physical Education and recess every day for every student.

These investments are leading to remarkable academic gains:

- According to a University of Chicago study, roughly 42 percent of CPS graduates enroll in a 4-year college or university – quickly approaching the national average of a 44 percent college enrollment rate.
- Earlier this summer, U.S. News and World Report heralded seven CPS high schools among top ten schools in Illinois – up from six last year. Four of those schools were also ranked nationally.
- According to the National Assessment of Educational Progress (NAEP) – the nation’s academic report card – CPS students were in the top three nationally for gains for both 8th grade math and 4<sup>th</sup> grade reading on the national benchmark assessment. Furthermore, according to NAEP, Chicago’s improvements were among the strongest in the nation amongst all other large city school districts and Chicago students significantly outpaced state and national trends.
- The District’s most recent average ACT score reached a record high of 18.2 for graduating seniors.
- The District’s most recent 5-year cohort graduation rate was 69.9 percent – again, this is the highest measure on record at CPS. In 2011, just over half of CPS students were earning a high school diploma.
- More than 80 percent of our freshman and sophomores are on track to graduate high school.
- Last year, more than a third of graduating seniors received college credit or career credential at no additional cost their family.

In FY17, we will make the following investments:

- Invest at least \$338 million in needed capital improvements to schools, including repair, modernization and overcrowding relief in neighborhoods throughout the city. CPS expects to

issue a supplemental capital budget in the fall, and is holding community hearings in August to hear the public's input.

- Programmatic investment to enhance the academic experience at Brown (new STEM program), Dunbar (new CTE program) and Dyett (new Arts program).
- Continue expansion of full day pre-K throughout high-need community areas, offering 53 new classrooms over last year, a 22 percent increase.
- Adding five schools to the Dual Language program, for a total of 20 schools where students can develop literacy skills and fluency in English and Spanish.
- Increasing IB enrollment by more than 20 percent by SY 2017-18. The District will expand enrollment for existing IB schools next year from 13,310 students to 15,198 students, and continuing expansion to 16,338 students in SY18.
- Expanding on the success and growth of Parent Universities, and serve more families across the city by adding 15 new Parent Engagement Centers by the end of 2016.
- Expanding SAGA, a math tutoring program designed to improve academic outcomes for at-risk students, by doubling the number of students being served to 1,600 youth across 13 high schools, up from 600 students in 2013.
- Expanding the number of students who will graduate from CPS with college credits already earned to 50 percent of graduates.

## Addressing the Budget Gap

In FY16, CPS took significant steps to reduce costs and improve organizational effectiveness, which allowed the District to spend \$225 million less than initially budgeted in FY16:

- Streamlined the central bureaucracy by cutting 433 positions and saving \$45 million in annualized costs. While the savings were critical for protecting classroom spending, the reorganization also improved CPS' operational effectiveness. Going forward, CPS will continue to improve its focus on field operations that directly service schools and school improvement.
- Student-Based Budgeting (SBB) Reduction: CPS took the painful step of adjusting school budgets mid-year to reduce SBB allocations by \$120 million in annualized cuts, \$85 million of which were realized in FY 2016. Further, CPS directed principals to do everything possible to prevent teacher layoffs once budgets were adjusted mid-year. Thanks to the ingenuity of district principals, only 16 teachers lost their jobs as a result of the reductions.
- Grant Reallocation: The impact on schools due to the mid-year SBB reduction was mitigated by an infusion of reallocated grant funds. CPS worked with the state to reallocate funds to support school operations. CPS was able to direct \$50 million to schools to partially offset the SBB reductions.
- Expense Control: By holding the line on expense in central office and in schools, CPS reduced the deficit by \$66 million in FY2016.
- Increase in Employee Health Care Contribution: By requiring non-union employees to pay a greater share of their health care, CPS saved \$1.6 million in FY16 and \$3.1 annually. Salary-based premium contributions now range from 2.8% for employee-only coverage to 5.0% for families.
- Phase-out of the Pension Pick-up for Non-Union Employees: CPS reduced the deficit by \$2.9 million in FY16 by decreasing the amount the administration pays for non-union employee pensions. Previously, the District paid 7 percent of the 9 percent employee contribution. In



FY16, the pick-up decreased from 7 to 5 percent. By FY18, there will be no pick-up and non-union employees will contribute the full 9 percent.

- Furlough Days: In the second half of FY16, all CPS employees were required to take three days off without pay for a savings of \$30 million.
- Streamlining of capital consultant costs: CPS tightened its management of capital consultants and decreased spending for the second half of FY2016 by \$1.6 million. Savings will be higher in FY17 as the district improves its capital project oversight procedures.
- Procurement: The District generated \$30 million in savings FY16 by developing strategic sourcing in educational good and services and operational needs. These includes a District-wide RFP for math curriculum, nursing consolidation and scheduling optimization, reduced costs for centralized IT services, and revised bond requirements for various trades to increase competition.
- Internal Controls: CPS began tightening its control environment to better detect and prevent fraud, waste and abuse through a series of District-wide, top-to-bottom audits. As part of this work, the audit department performed comprehensive reviews of both school-based financial systems and supplemental payment systems providing management with recommendations to increase internal controls, oversight and transparency. As a direct result of increased controls and oversight, year-over-year spending was reduced by nearly \$2 million across a large sample of schools. Supplemental payment system and school-based internal account reviews led to standardization of account/program structures to reduce errors and better track expenditures. CPS also reduced cost associated with food expenditures, travel, and non-required training which lead to a nearly \$1 million reduction in year-over-year spend.

In the past year, these actions decreased the deficit by \$250 million on an annualized basis, and this administration continue to work every day on reducing costs further that do not impact the classroom.

## Closing the Remaining \$300 Million Deficit

After action from Springfield, Chicago taxpayers and CPS' FY16 management efficiencies are applied to the budget, CPS was left with a \$300 million budget gap.

The chart below illustrates the steps that CPS took and will take to balance its budget.

Table 1: Closing the Remaining \$300 Million Deficit

Savings Initiative	Savings, in millions
<b>Beginning Deficit</b>	<b>\$1.14 Billion</b>
<b>FY2016 CPS Cost Savings Initiatives</b>	<b>\$173</b>
<b>GSA Poverty Grant</b>	<b>\$102</b>
<b>GSA Hold Harmless</b>	<b>\$74</b>
<b>Early Childhood Grant</b>	<b>\$29</b>
<b>Chicago Pension Property Tax</b>	<b>\$250</b>
<b>State Pension Contribution</b>	<b>\$215</b>
<b>Sweep Vacancy Savings for Deficit Reduction</b>	<b>\$58</b>
<b>Reprogramming Grants to Classrooms</b>	<b>\$35</b>
<b>Centralized Purchasing Savings</b>	<b>\$35</b>

Anticipated Labor Savings	\$31
Phase-In of Shared Services	\$26
Charter School Share of Central Efficiencies	\$20
Reduction Non-School Based Employees (since Jan.)	\$17
Savings from Teacher Retirements & Resignations	\$17
New TIF Revenue	\$15
Scheduling Efficiencies	\$15
Improved Medicaid Collections	\$12
Additional Central Office Streamlining	\$10
Additional Revenue	\$6
Central Summer Program Reductions	\$3

## Management Reforms and Efficiencies Reflected in the FY17 Budget

CPS must continue to streamline its administrative functions and operations to reduce its costs and ensure our classrooms are funded to the maximum extent possible. After listening to and working with Network Chiefs and many school principals, the District will launch several field-tested, innovative initiatives this school year. These new initiatives will not only help improve educational outcomes, they will lower the overall cost structure to deliver high-quality educational services. In some instances, these reforms will result in direct deficit reduction; in others, the changes will allow schools to re-program funds from administration and inefficient practices directly into their classrooms.

The initiatives include:

- **Efficient scheduling** initiative. Through new and rigorous standards and a dedicated training effort, CPS is ensuring that often complex school schedules meet all curricular needs while efficiently planning class times and personnel matches. This effort formalizes guiding principles, procedures, policies and training around appropriate class schedules. By more effectively scheduling, schools can collectively save millions of dollars to reinvest in classrooms.
- Instead of Title I and II grant funds being held in reserve or controlled by CPS central office staff for programmatic purposes, CPS will continue the practice of **reprogramming and directing those funds to schools**, which particularly helps those with the highest proportion of low-income students.
- **Centralization of Non-Educational Functions:** The district can better leverage its size and scale to reduce inefficiencies in certain administrative and operational functions. By assuming financial accounting and other services from schools, CPS can – through economies of scale and concentrated expertise – save tens of millions of dollars. This will assist principals in monitoring their schools' financial conditions and ease their administrative burdens so principals can focus on their core mission: educational improvement.
- **Further Streamlining of Central Office.** In addition to the District's central office reorganization in January, which yielded approximately \$45 million in annualized savings, CPS continues to reduce its administrative footprint, with an additional 175 fewer non-school based employees since the January layoffs. CPS is also reducing the cost of other services. Together with

proportional savings from reduced spend on charter school administration, these changes save an additional \$82 million.

- **Procurement Reform.** CPS will use its economy of scale to save tens of millions by centralizing and concentrating the district's purchasing power to reduce the cost of goods and services ordered by schools.
- **Better Management of Medicaid in Special Education.** Millions of dollars in federally reimbursable funds are lost annually through lack of training of staff and lack of documentation of eligible hours. Through a combination of technology, improved processes, management and training, CPS will capture approximately \$10 million in additional federal funds. CPS has asked the State to adopt the federal rules allowing for such reimbursements.
- **Further Transportation Efficiencies.** Working with principals, CPS will save millions of dollars through a series of 15 minute adjustments in bell times, strategically coordinated to maximize the efficiency of bus routes. CPS will share a portion of the savings with participating schools.

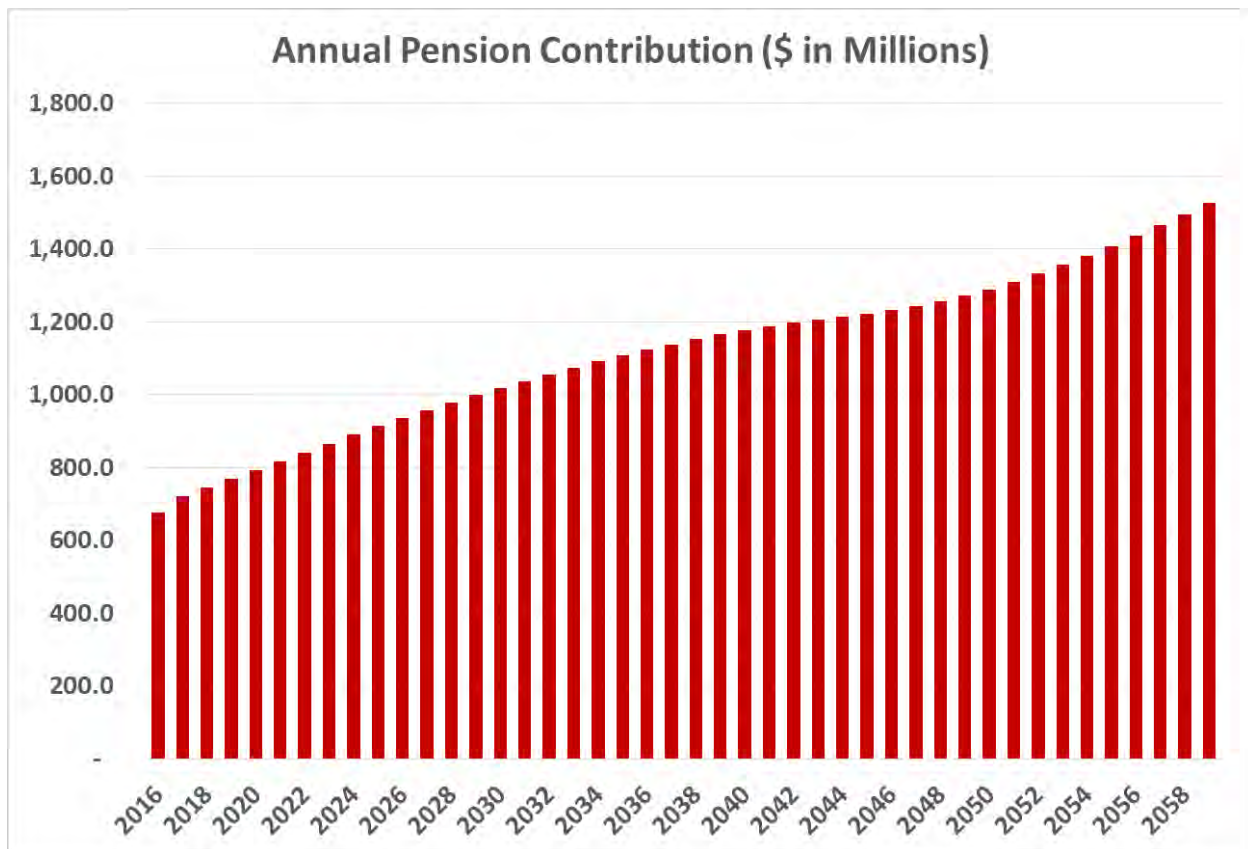
## **Additional Financial Context**

While CPS will continue to tighten its belt in FY17, the District is also taking the steps it can to increase its revenue, including a major advocacy effort to reform education funding, and instituting a dedicated \$250 million property tax increase on Chicago property owners.

The State of Illinois, in a major victory for CPS and other districts with students in poverty, took an important step toward addressing inequity in June. The State's steps forward this year are a major commitment, and CPS will work with our partners in Springfield to transform these initial steps into a long-term solution.

Without a long-term solution, however, the impact to CPS students will be devastating. CPS has taken nearly \$2 billion out of the classroom to cover pension payments in the past three years alone. In coming years, CPS pension costs continue to rise, hitting \$721 million in FY17 and well over \$800 million in 2021 and more than \$1.5 billion in 2059.

Chart 1: Annual Pension Contribution



In addition to skyrocketing pension costs, revenue is declining. In the years before FY17, the State had reduced CPS' funding by nearly 10 percent, or \$560 million. At the same time, the State's spending on other districts – particularly on other teachers' pensions – increased by more than 40 percent.

Part of this inequity stems from the fact that Illinois has one pension system for Chicago teachers and another for teachers statewide. The Chicago Teachers' Pension Fund is nearly exclusively funded by CPS, using tax revenue from Chicago residents. The Teachers' Retirement System is funded entirely by the State, including tax dollars from Chicago residents. Creating an equitable approach to pensions will be a key focus of reforming education funding.

Just as critical will be reforming the education funding system so that it equitably funds children in poverty throughout Illinois. CPS partnered with districts throughout the state to advocate for equitable funding because Illinois ranks last in the country on this key measure. We will continue those efforts to secure long-term reform for FY18 and beyond.

Educational equality is the civil rights issue of our generation and a system that treats students differently cannot stand. This is why CPS is so encouraged that state leaders are moving forward with efforts to reform education funding, and we will continue to work with them to realize this important goal.

## FY17 Overview

The FY17 budget of \$5,459.9 million is \$231.9 million below the FY16 budget of \$5,691.8 million. This is despite a \$45 million increase in teacher pension payments to \$733 million for FY17. In fact, pensions have been such a significant driver of our expenses that if CPS removes these pension payments from the budget, the FY17 budget would be \$81 million below the FY13 budget.

Not only does the FY17 budget reduce elements within the District's control – particularly the \$232 million drop in the operating budget – but it also is balanced without relying on one-time gimmicks.

## FY17 Budget Protects Classrooms

Table I shows the major changes between the FY16 and FY17 budget.

Table 2: FY17 Proposed Operating Budget

(\$ in millions) Changes: Favorable/(Unfavorable)	FY 16 Budget	FY 17 Budget	FY 17 v. FY 16 Budget
<b>Revenue</b>			
Property Tax	2,307.8	2,607.8	300.0
Replacement Tax	207.8	188.8	(19.0)
Replacement Tax for Debt Service	(58.3)	(58.3)	-
TIF surplus*	87.2	32.5	(54.7)
All Other Local	158.1	175.7	17.6
<b>Total Local</b>	<b>2,702.6</b>	<b>2,946.5</b>	<b>243.9</b>
State Pension Funding Equity	-	215.2	215.2
GSA	952.2	1,059.9	107.7
GSA for Debt Service	(297.5)	(373.4)	(75.9)
Savings from Debt Restructuring, One Time Debt Funds	254.6	-	(254.6)
All Other State	668.0	701.0	33.0
<b>Total State</b>	<b>1,577.3</b>	<b>1,602.7</b>	<b>25.4</b>
<b>Federal</b>	<b>852.6</b>	<b>829.8</b>	<b>(22.8)</b>



(\$ in millions) Changes: Favorable/(Unfavorable)	FY 16 Budget	FY 17 Budget	FY 17 v. FY 16 Budget
Unrealized Revenues	480.0	-	(480.0)
Investment Income	0.1	-	(0.1)
Reserves	79.2	80.8	1.6
Total Resources	5,691.8	5,459.8	(232.0)
<u>Expenditures</u>	5,691.8	5,459.8	(232.0)

*\*Note that the TIF surplus is an estimate, and the final amount will be known in the fall.*

## Local Revenues

Property taxes will increase as a result of the state budget deal allowing the Board of Education to raise property taxes by \$250 million for the district.

Replacement taxes are tied to state corporate income taxes and our projections are based on state data. However, due to a State overpayment of prior year personal property replacement tax (PPRT) distributions, FY17 replacement taxes are budgeted below FY16 levels due to the reflection of actual annual PPRT levels going forward and the State reducing its distributions to local taxing districts, including CPS.

In addition, a portion of the Replacement Tax revenue CPS receives is dedicated to pay debt service and therefore is an offset to our operating revenue, as is General State Aid. The growing pressure of debt service on our operating budget is discussed more fully below and in the Debt Management chapter.

CPS has received more than \$1 billion in TIF funds for capital investments in schools throughout the city over the past decade. On top of capital expenditures, Mayor Emanuel is also committed to declaring a surplus of TIF funds each year. Each year's TIF surplus provides a one-time boost to CPS operating revenue; this means that while the annual TIF surplus is a helpful source of additional funding, it does not represent a lasting, structural solution to the CPS budget. This is why TIF funds are traditionally used for capital investments.

In July 2015, the Mayor announced a freeze on new spending in downtown TIF districts, which will create an estimated \$250 million in additional TIF surplus over five years, half of which will go to CPS. In FY16, CPS received a spike in TIF funding because the surplus was greater than expected and some FY15 payments were received in FY16. The City will analyze available TIF surplus revenue as part of its budget process, which takes place in the fall. In the FY17 budget, CPS includes an estimated TIF surplus of \$32.5 million, which is more in line with other recent years. The final TIF surplus amount may differ from this estimate.

## **State Revenues**

CPS's main source of state operating revenue, General State Aid (GSA), had been reduced each year since FY09 and had been a major driver of the structural deficit. With the action taken by Springfield in FY17, CPS will see its first increase in state funding since FY09, due to GSA being held harmless, \$215 million of new state pension funding, a \$29 million increase in early childhood funding, and the inclusion of a new "equity grant" which will provide CPS with an additional \$102 million.

While the increase in State revenue is vital to avoid additional cuts, the new funding is the equivalent of the loss in one-time savings from FY16 debt restructuring and the increase in debt service, which diverts General State Aid away from the operating budget.

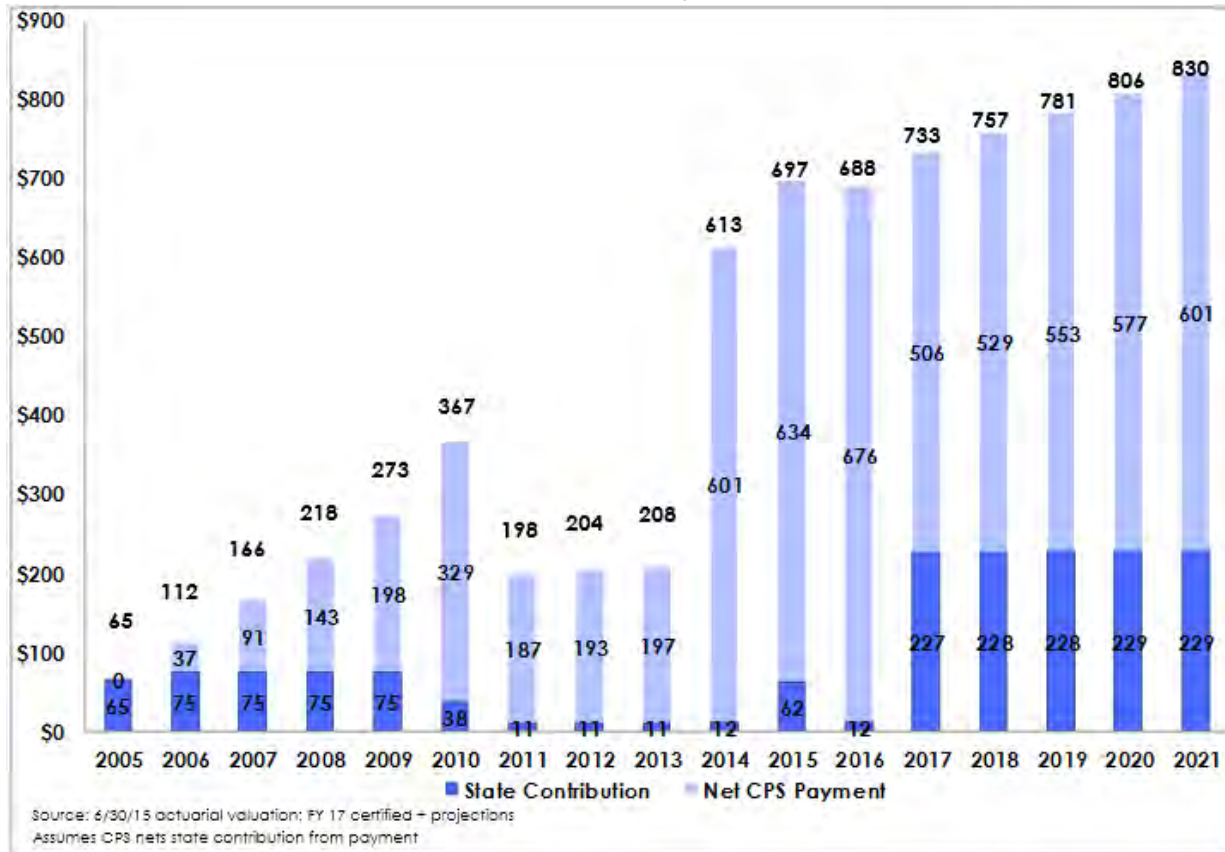
## **Federal Revenues**

Federal revenues remain nearly level year-over-year and reflect formula-driven reimbursement for supplemental services provided to students.

## **Pension Burden Accelerates in FY17**

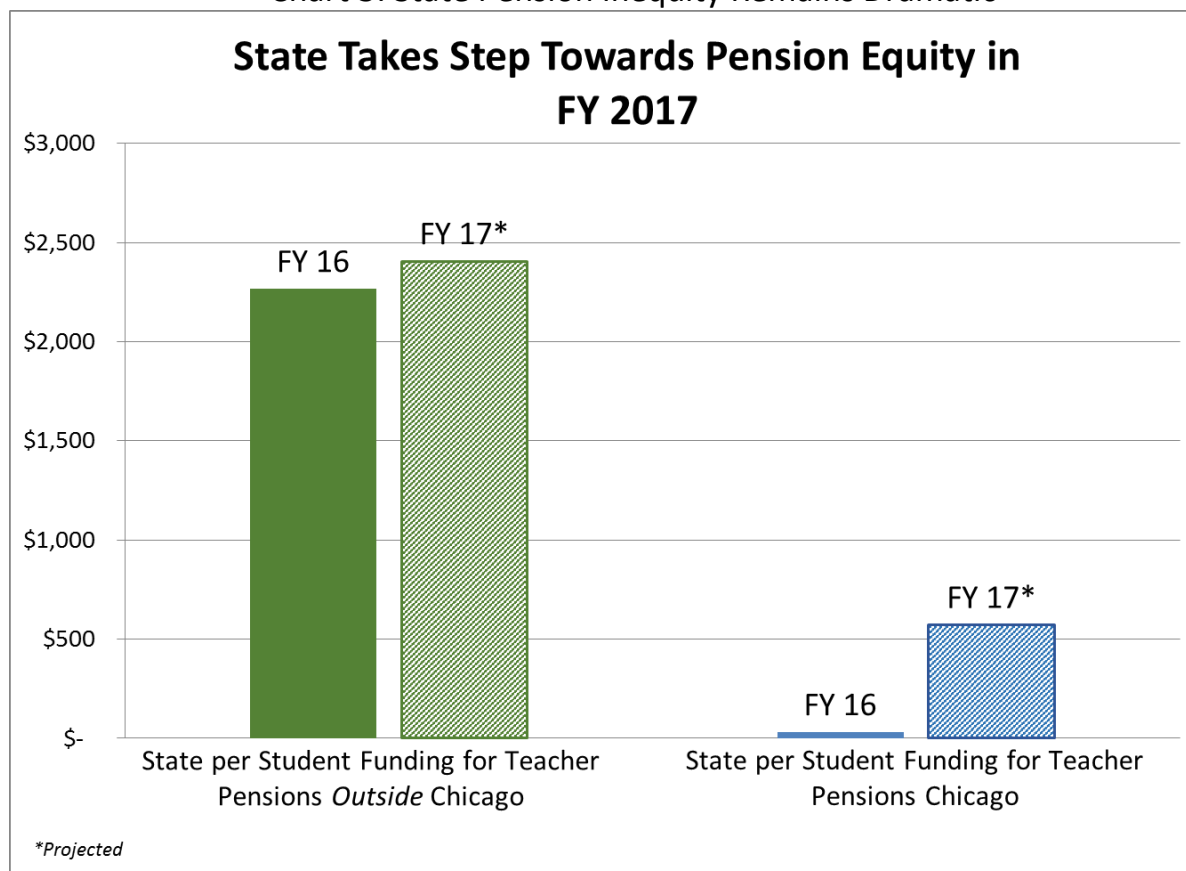
Pensions continue to be the single largest driver of CPS's structural deficit. The CPS required contribution to the Chicago Teachers Pension Fund (CTPF) jumps to \$733 million in FY17, from \$688 million in FY16. CPS' contribution is the equivalent to over \$1,700 per student, or over 13 percent of the operating budget. CPS has paid nearly \$2 billion towards pensions over the last three years, money that could have gone to our classrooms. The State recently passed \$215 million in support to fund the normal cost of the District's teacher pension obligation, acknowledging the need to equitably fund teachers' pensions across the state.

Chart 2: CPS's Required Employer Contributions to CTPF Grows Significantly (\$ in millions)



Note: Chart above assumes \$215M FY17 State normal cost contribution continues into future years

Chart 3: State Pension Inequity Remains Dramatic



CPS was encouraged that Springfield has acknowledged the need for pension parity for the first time. In June, Springfield agreed to supplement the district's pension payment by \$215 million in June 2017. Although the measure is contingent on approval of broader pension reforms, the State's leaders committed to providing this funding, and if it were not included in CPS' budget, would result in painful cuts to classrooms.

We will continue to work with our partners in Springfield to achieve pension parity and education funding reform.

## Capital Budget Overview

Under the leadership of Mayor Rahm Emanuel, CPS and the Board of Education have provided over \$1.7 billion since FY12 to build new schools, provide playgrounds and air conditioning, improve access to technology with new computers and expanded bandwidth, expand academic programs (career and technical education programs, for example), and make core investments in our facilities to repair roofs, fix chimneys, and replace or repair boilers and other mechanical systems. This has been done to ensure students have a high quality learning environment to support their education.

Earlier this year, the fiscal uncertainty CPS faced precluded the District from releasing a comprehensive capital plan. Since then, however, support from Springfield has given CPS the ability to balance its operating budget and put forth a capital plan that addresses many of the District's needs.

In FY17, CPS will be making much-needed investments in schools' infrastructure and capital needs. The FY17 budget for Chicago Public Schools includes a capital plan totaling \$338 million for school repair, improvement, modernization, and overcrowding relief.

This year's capital budget includes \$266 million of funding provided by CPS through bond financing, and \$72 million from the City of Chicago and Federal E-Rate funding. The \$266 million of CPS funding represents a significant increase from the \$90 million proposed for FY17 in last year's 5-year plan. This increase is due primarily to the new Capital Improvement Tax levy approved by the Board and passed by the City Council in 2015.

Later this fall, the District will return to the market to secure funding for additional projects that will not only address overcrowding and deferred maintenance, but also complete the District's efforts to modernize schools' online infrastructure, air conditioning projects and playlots for every child in the city. The District anticipates announcing this supplemental capital plan later this fall.

The Capital Improvement Tax (CIT) levy is an annual property tax levy dedicated exclusively to school construction projects. In 2003, the Illinois legislature in Springfield gave Chicago the right to levy a \$45 million special property tax, or Capital Improvement Tax levy, to help with school modernization. However, in all those intervening years, the City never followed through. Last fall, Mayor Emanuel and the Chicago City Council passed this Capital Improvement Tax levy for CPS, and it will generate approximately \$45 million a year in revenue. The District will seek to maximize this new revenue stream beginning in FY17.

As of the FY17 budget release, CPS is working to determine the total amount of bond proceeds that can be raised against the CIT levy. As such, this capital budget includes only \$233 million in CIT-bond funded projects. (An additional \$33 million from CPS' July bond issuance will be used to fund FY17 capital projects.) CPS expects to issue a supplemental capital budget in the fall to account for the remainder of the proceeds. This will give CPS additional time to receive community input and further prioritize the projects funded by bond proceeds.

## **Debt Budget Overview**

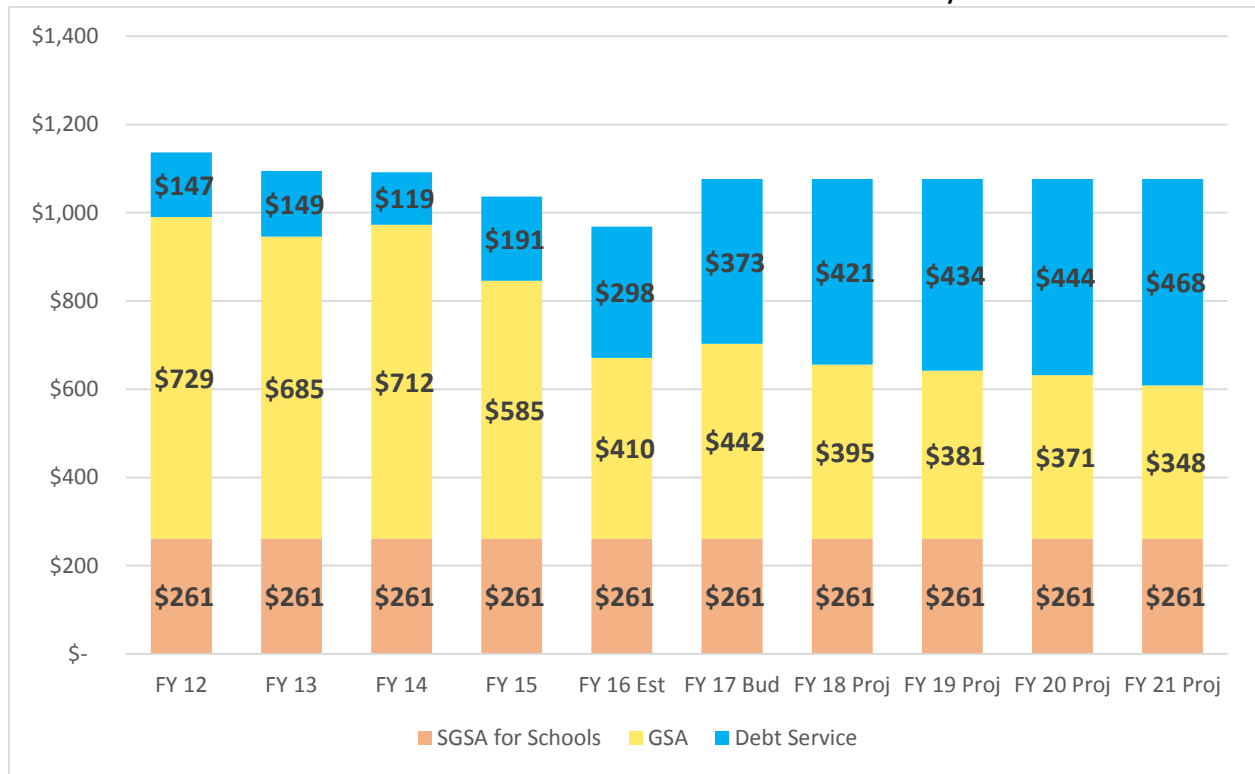
### **CPS Bonds Pay for Majority of Capital Program**

In addition to seeking outside funding to support the capital plan, CPS has also made an annual commitment of its own resources to these long-term projects by issuing bonds, which are paid back over time. CPS currently has \$6.9 billion of outstanding long-term debt and the FY17 budget includes appropriations of \$563 million for debt service.

The largest source of revenue we use for debt service on bonds is General State Aid, also a key source of funding for our operating budget. As we continue to borrow money to make capital investments in our schools, debt service will take an increasing share of GSA. Even if the state provided just enough funding to keep GSA level, instead of the steady decline we have seen since FY09, debt service will consume 44% of unrestricted GSA by FY21. This path of unsustainable borrowing must be addressed through equitable, growing state funding on which CPS can rely.



Chart 4: Debt Service will Consume 44% of GSA by FY21



## Conclusion

As a result of the June compromise in Springfield, CPS management efficiencies and participation from Chicago taxpayers, CPS is able ensure classrooms have the resources to build on the tremendous academic gains of recent years, and do not introduce new per-pupil funding cuts.

CPS will continue to do its part to make reductions away from the classroom, and will work with our leaders in Springfield on a long-term solution that will end pension inequity and reform the state education funding formula.

### Appendix I: FY16 Operating Budget Financial Performance

FY16 Projected Results: Very Little Gap Remains Between Budget and Spending

CPS projects that it will end FY16 spending \$5,467 million, or 96 percent of the \$5,691 million budget.

#### Appendix I Table 1: FY16 End-of-Year Estimates

(\$ in millions) Changes: Favorable/(Unfavorable)	FY 16 Budget	FY 16 Estimate	Change FY 16 Est v. Bud
<b>Revenue</b>			
Property Tax	2,307.8	2,307.8	0.0
Replacement Tax	207.8	185.1	(22.7)
Replacement Tax for Debt Service	(58.3)	(58.3)	0.0
TIF surplus	87.2	103.5	16.3
All Other Local	158.1	155.4	(2.6)
<b>Total Local</b>	<b>2,702.6</b>	<b>2,693.5</b>	<b>(9.0)</b>
GSA	952.2	952.2	0.0
GSA for Debt Service	(297.5)	(297.5)	0.0
One Time Debt Funds	254.6	254.6	0.0
All Other State	668.0	666.3	(1.7)
<b>Total State</b>	<b>1,577.3</b>	<b>1,575.6</b>	<b>(1.7)</b>
<b>Federal</b>	<b>852.6</b>	<b>830.7</b>	<b>(29.1)</b>
<b>Unrealized Pension Revenues</b>	<b>480.0</b>	<b>0.0</b>	<b>(480.0)</b>

<b>(\$ in millions) Changes: Favorable/(Unfavorable)</b>	<b>FY 16 Budget</b>	<b>FY 16 Estimate</b>	<b>Change FY 16 Est v. Bud</b>
<b>Investment Income</b>	<b>0.1</b>	<b>0.2</b>	<b>0.1</b>
<b>Reserves</b>	<b>79.2</b>	<b>185.2</b>	<b>106.0</b>
<b>Total Resources</b>	<b>5,691.8</b>	<b>5,285.2</b>	<b>(406.6)</b>
<b>Expenditures</b>	<b>5,691.8</b>	<b>5,467.2</b>	<b>(224.6)</b>
General Funds	4,373.4	4,300.0	73.4
School-Retained Funds	351.1	307.2	43.9
Grant Funds	967.3	860.0	107.3
<b>Net Surplus/(Deficit)</b>	<b>0.0</b>	<b>(182.0)</b>	<b>(182.0)</b>

## Revenues

In total, FY16 revenues are \$407 million below budget. This is explained by the budgeted pension revenues of \$480 million that did not materialize, as well as lower than expected replacement taxes and federal revenues, slightly offset by higher than expected TIF revenues.

## Local Revenue Below Budget

Local revenues are expected to come in \$9 million below budget, as higher than expected TIF revenues were not able to fully offset the decline in Replacement Taxes.

The Replacement Tax (PPRT), based on state Corporate Income Taxes, came in significantly below budget as a result of an error in the State calculation impacting distributions since 2014. The State has been distributing PPRT at incorrect levels, which resulted in an FY16 budget based on inaccurate information. The State corrected the error in FY16, and as a result our actual PPRT revenue was revised lower to account for the correct distribution amounts.

TIF surplus was budgeted at \$87 million but will come in at nearly \$104 million, \$16 million above budget. CPS received a spike in TIF funding because the surplus was greater than expected and some FY15 payments were received in FY16.

## Unrealized Pension Revenue

CPS budgeted \$480 million in projected revenue associated with State pension equity. While the revenue was not received in FY16, the State committed to holding the CPS GSA allocation flat in FY17, as well as providing

over \$100 million in a new equity grant, an increase in Early Childhood funding of \$29 million and \$215 million in pension support.

## Expenditures

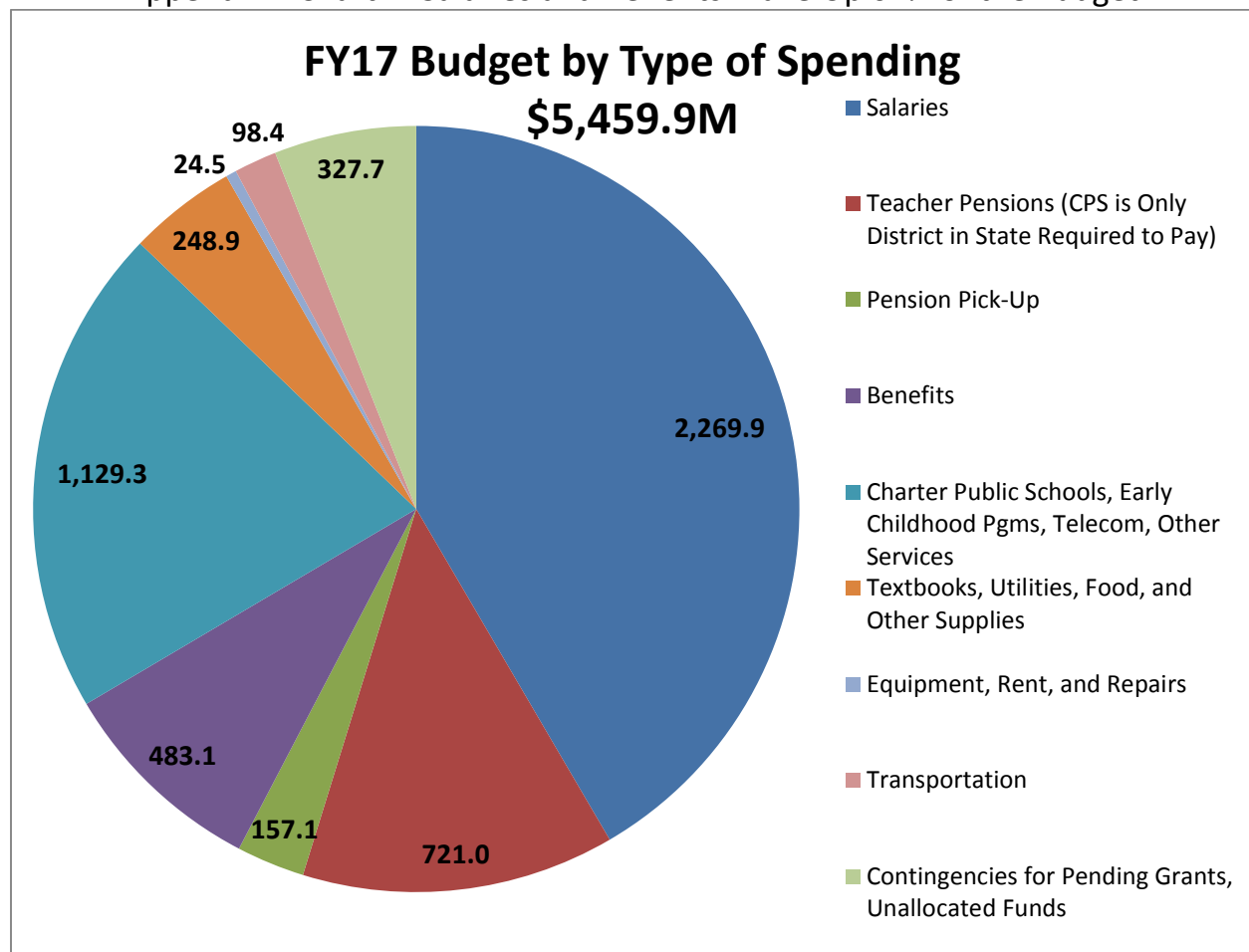
CPS expects to end FY 16 spending \$225 million below budget as a result of the multiple savings initiatives in FY16.

- \$33 million in central office personnel reductions, which annualizes to \$45 million in FY17
- \$85 million in SBB reductions (\$120 million annually), with nearly \$50 million mitigated by the reprioritization of grant funds
- \$30 million in savings through three District-wide furlough days, and
- \$45 million in end-of-year spend reductions

## Appendix II: FY17 Summary Charts

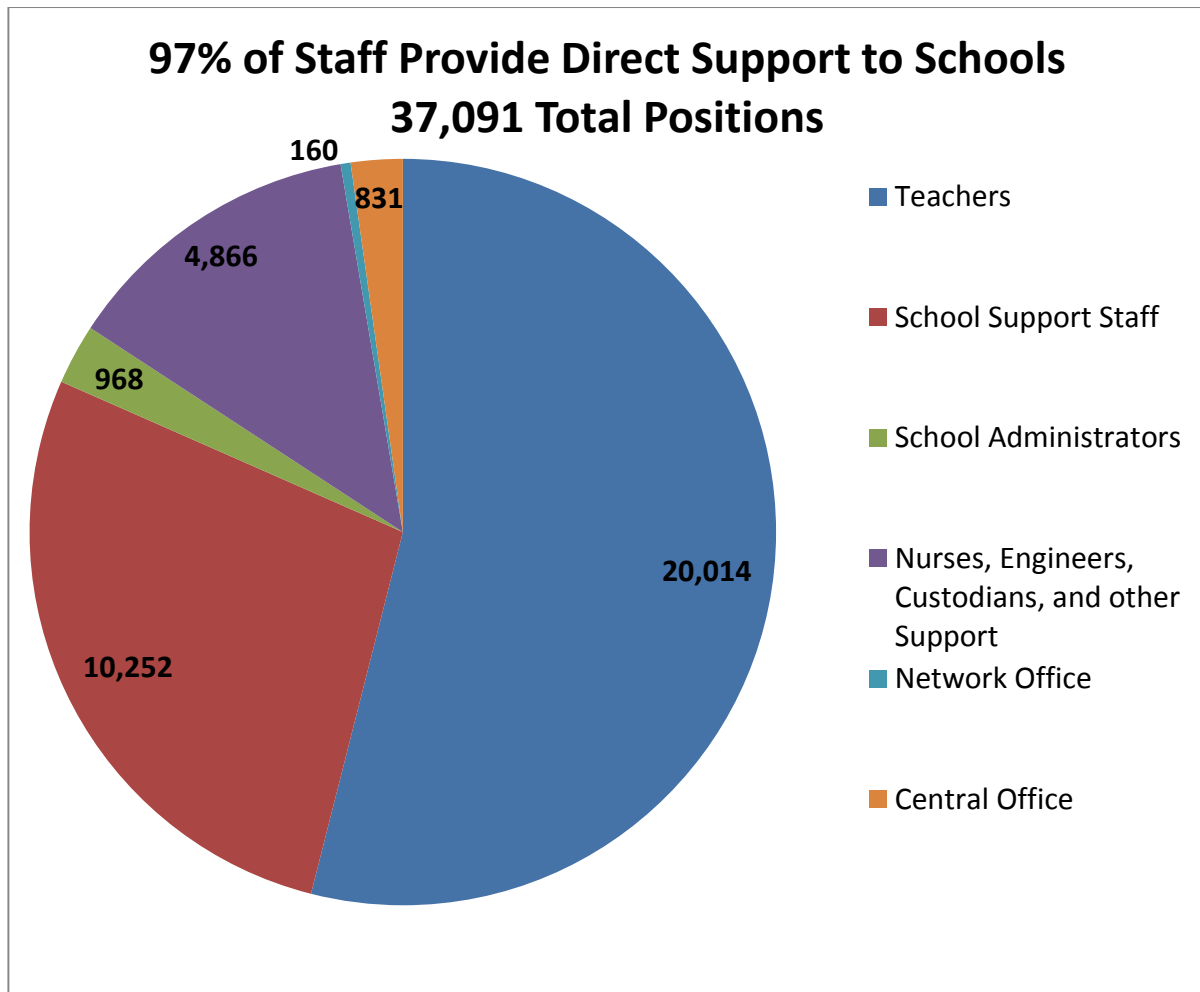
Salaries and benefits (including pension costs) to support the positions make up nearly 67 percent of the budget (with more in practice, when charter, early childhood and other program spending is taken into account).

Appendix II Chart 1: Salaries and Benefits Make Up 67% of the Budget



\*CPS is the only district in the state required to pay its own teacher pension costs

Appendix II Chart 2: Of the 37,091 Positions, over 97% Directly Support Schools



**Appendix III: Major Changes from FY16 Projected Expenditures to FY17 Budget**

Account	FY2015 Expenditures	FY2016 Projected Expenditures	FY2017 Proposed Budget
Salary	\$2,578,509,151	\$2,588,428,026	\$2,269,877,067
Benefits	1,354,344,716	1,341,095,431	1,361,217,718
Contracts	1,233,613,396	1,147,644,957	1,129,333,634
Commodities	265,934,729	250,984,377	248,866,792
Equipment	43,574,489	36,610,543	24,450,509
Transportation	103,188,443	93,671,468	98,438,806

Account	FY2015 Expenditures	FY2016 Projected Expenditures	FY2017 Proposed Budget
Contingencies	2,697,266	8,726,535	327,687,718
Others	4,369	10,135	1,000
<b>Grand Total</b>	<b>\$5,581,866,559</b>	<b>\$5,467,171,473</b>	<b>\$5,459,873,245</b>

**Salaries and Benefits.** 67 percent of CPS’s budget is spent on salaries and benefits. Charter schools, which also spend the majority of their budget on salaries and benefits, are funded through the “Contracts” accounts in the CPS budget. Taking all spending into account, salaries and benefit costs drive the CPS budget. The reduction to the FY16 salary budget reflects the closure over 400 central office positions as well as budgeted savings related to vacant positions and an anticipated CTU contract, while the growth in benefits is driven by a \$45 million increase in pension obligations, partially offset by the reduction in non-union pension pickup.

**Contracts.** This category includes tuition for charter schools and private therapeutic schools and payments for clinicians - such as physical therapists and nurses - that are not CPS staff. This category also includes early childhood education programs provided by community partners. In addition, this category includes repair contracts, legal services, waste removal janitorial services, and other services. The reduction to the FY17 budget is due to continued district-wide cost reductions in department budgets for items such as professional development and other professional services.

**Commodities.** Commodities include spending on items such as food and utilities, with these two categories making up the largest share, as well as instructional supplies such as textbooks and software, and other supplies, such as postage, paper, and the like. The FY17 budget is down slightly from FY16 expenditures as schools transfer funds into these accounts throughout the year.

**Equipment.** Equipment pays for the cost of furniture, computers, and similar other non-consumable items. The equipment budget is down from FY16 as, like commodities, schools transfer funds in equipment account for purchases throughout the school year.

**Transportation.** The cost of bus service is the vast majority of the Transportation budget, but it also includes costs for CTA passes and reimbursement that we are legally required to provide. Transportation costs are up slightly from FY16 expenditures as bus route optimization is not fully able to offset inflationary pressures and contractual increases.

**Contingencies.** This account includes three categories of items. The first represents funding that has been budgeted but not yet allocated to the account or unit where it will be spent. Under the SBB system, schools are not required to allocate all of their funds, but can hold some in contingency while they determine how they want to spend it. Similarly, we centrally hold grant funds in contingency, particularly if the grant is not yet confirmed. Spending should rarely take place from contingency accounts, which is why the budget is significantly higher than the actual expenditures. If these funds are spent at all, they are transferred to other budget lines first. Lastly, interest expense related to our operating line of credit is included in this category, and expected to grow to \$34 million in FY17.

## Revenue

### REVENUE OVERVIEW

In FY17, Chicago taxpayers and State of Illinois are taking major steps forward to provide Chicago Public Schools with additional revenue – but a long-term solution is still needed to address the District’s revenue challenges.

CPS will be receiving additional revenue streams this year from several sources:

- A reinstated property tax levy on Chicagoans that will generate approximately \$250 million annually directly for teachers’ pensions;
- A \$215 million State contribution toward the annual cost of Chicago teachers’ pensions, a step toward recognition that Illinois’ teacher pensions must be treated equally;
- A landmark equity grant from the State of Illinois, recognizing that schools districts that educate students in poverty face additional challenges and providing \$102 million in funding;
- Additional State funding for early childhood education that will provide \$29 million in funding.

However, revenue generation remains a primary financial challenge for CPS because the District has little control over its revenue sources. State funding is set by formula, and had been declining year over year until Springfield took action for additional P-12 education funding in FY17. Federal funding is also set by formula and is mostly restricted for supplemental services, such as for low income students, or for specific services, such as food for children. Other than American Recovery and Reinvestment Act stimulus funds in FY09-11, federal revenues have been relatively flat. Property taxes are the main source of local revenue (and the District’s largest single source of revenue overall) and for the most part, are capped at the rate of inflation.[1] While this year’s reinstatement of the property tax levy for teacher pensions will provide a sizeable increase in the District’s property tax revenue in FY17, property taxes are otherwise capped by inflation or 5 percent, whichever is lower.

**Table 1: All Funds by Revenue Source (in Millions)**

	FY16 Budget	FY16 End Of Year	FY17 Budget	FY17 vs. FY16 Budget
<b>Local Revenues</b>				
Property Tax	2,359.8	2,359.8	2,659.8	300.0
Replacement Tax	207.8	185.1	188.8	(19.0)
Other Local	423.3	437.0	343.1	(80.2)
<b>Total Local</b>	<b>2,990.9</b>	<b>2,981.9</b>	<b>3,191.7</b>	<b>200.8</b>

<b>State Revenues</b>				
GSA	952.2	952.5	1,059.9	107.6
Capital	96.3	33.2	14.8	(81.5)
Other State	668.0	666.0	916.2	248.2
<b>Total State</b>	<b>1,716.5</b>	<b>1,651.7</b>	<b>1,990.9</b>	<b>274.4</b>
<b>Federal</b>	<b>889.9</b>	<b>868.0</b>	<b>860.7</b>	<b>(29.2)</b>
<b>Unrealized Revenue</b>	<b>480.0</b>	-	-	<b>(480.0)</b>
<b>Investment Income</b>	<b>0.2</b>	<b>0.2</b>	<b>0.0</b>	<b>(0.2)</b>
<b>Total Revenue</b>	<b>6,077.5</b>	<b>5,564.9</b>	<b>6,043.3</b>	<b>(34.2)</b>
<b>Reserves</b>	75.1		80.8	
<b>Bonds &amp; Other</b>	849.5		335.7	

Table 2 illustrates how revenues are used, including for debt service and capital. It also shows the remainder of revenues available for day-to-day operations. While FY17 total revenues are approximately \$6.0 billion, only \$5.4 billion are available for operations. The amount needed for debt service in FY17 is significantly higher than FY16 because of bond restructuring in FY16 (also known as “scoop and toss”), which temporarily suppressed costs associated with debt service requirements in that year. CPS will not be using scoop-and-toss in FY17. However, this means that the General State Aid (GSA) that was freed up for use on operating expenses in FY 16 as a result of this restructuring, will again be used for debt service costs in FY17.



**Table 2: FY17 Revenue Sources Allocated for Debt, Capital, and Operating Funds**

<i>\$ in millions</i>	Total	Amount for Debt Service	Amount for Capital	Balance for Operating Budget
<b>Local Revenues</b>				
Property Tax	2,659.8	52.0	0.0	2,607.8
Replacement Tax	188.8	58.3	0.0	130.5
Other Local	343.1	95.5	39.4	208.1
<b>Total Local</b>	<b>3,191.7</b>	<b>205.8</b>	<b>39.4</b>	<b>2,946.5</b>
<b>State Revenues</b>				
GSA	1,059.9	373.4	0.0	686.4
Capital	14.8	0.0	14.8	0.0
Other State	916.2	0.0	0.0	916.2
<b>Total State</b>	<b>1,990.9</b>	<b>373.4</b>	<b>14.8</b>	<b>1602.7</b>
<b>Federal</b>	<b>860.7</b>	<b>24.8</b>	<b>6.0</b>	<b>829.8</b>
<b>Investment Income</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total Revenue</b>	<b>6,043.3</b>	<b>604.0</b>	<b>60.2</b>	<b>5,379.0</b>

## REVENUE PROJECTIONS

This section summarizes the District's major revenue sources and our projected FY17 revenue from each. Additional details about each revenue sources is provided in the Interactive Budget on the CPS budget website: [www.cps.edu/budget](http://www.cps.edu/budget).

FY17 operating revenues are budgeted at \$5.4 billion, a decrease of \$223.6 million from our FY16 budget and \$279.0 million more than our estimated end of year FY16 operating revenues. The decrease in revenue is the result of CPS budgeting \$480 million in unrealized pension support in FY16. While that revenue was not realized in FY16, increases in state and local revenue are enough to offset the loss in the FY 17 budget.

**Table 3: FY16 Operating Revenues**

<i>\$ in millions</i>	FY16 Budget	FY16 Estimated End of Year	FY16 Change	FY17 Budget	FY17 Change to Budget
Property Tax	2,307.8	2,307.8	0.0	2,607.8	300.0
Replacement Tax	149.5	126.8	(22.7)	130.5	(19.0)
TIF Surplus	87.2	103.5	16.3	32.5	(54.7)
All Other Local	158.0	155.4	(2.6)	175.6	17.6
<b>Total Local</b>	<b>2,702.5</b>	<b>2,693.5</b>	<b>(9.0)</b>	<b>2,946.5</b>	<b>243.9</b>
<b>State</b>	1,565.2	1,563.5	(1.7)	1,375.3	(189.9)
<b>State Pension Support</b>	492.1	12.1	(480.0)	227.4	(264.7)
<b>Federal</b>	852.6	830.7	(21.9)	829.8	(22.8)
<b>Investment Income</b>	0.1	0.2	0.1	0.0	(0.1)
<b>Total Revenue</b>	<b>5,612.6</b>	<b>5,100.0</b>	<b>(512.6)</b>	<b>5,379.0</b>	<b>(233.6)</b>

### Local Revenues

#### **Property Taxes**

Our FY17 projection for property tax revenue is \$2,660 million, of which \$52 million is dedicated for debt service, resulting in a total of \$2,608 million available for operating purposes. This is an increase in operating revenue of \$300 million over FY16 Budget. The biggest driver of this increase is due to the reinstatement of the District's dedicated pension levy, which will produce approximately \$250 million in new revenue to help pay for Chicago teacher pensions. While CPS' property taxes are capped by state law, at the request of Mayor Rahm Emanuel, the state reauthorized the board to levy this special tax annually,

starting in FY17. Proceeds of this reinstated levy will be directed to the Chicago Teacher Pension Fund (CTPF) and will free up \$250 million in operating revenue to be used in the classroom. The additional \$50 million year-over-year increase is driven by \$17 million from taxing at the cap, or the rate of inflation, and \$33 million from the extension on new property and variability in the collection rate.

Chicago Public Schools is one of a number of school districts whose ability to levy local property taxes is limited by the Property Tax Extension Limitation Law (PTELL). This law stipulates that the increases in property tax extensions within a district are limited to the lesser of 5 percent or the increase in the national CPI for the year preceding the levy year. New construction falls outside this extension limit and is taxed at the same tax rate as is permitted by the allowable extension increase under PTELL on existing property.

The CPI for 2017 property tax extensions (levied in 2016) is 0.7 percent, which is the second lowest level in recent history.[2] As a result, our increase in extensions on existing property for FY17 will be very low, as it has been for the past several years. This low growth in property tax revenues has placed even greater pressure on our other major revenue sources, which make up less than half of total revenue. The reinstated pension levy helps to alleviate this pressure.

Like other government bodies, CPS has a 60-day revenue recognition period. This generally allows us to recognize revenues received prior to August 29, 2017 as FY17 revenues, and shifts our fiscal year revenues more in line with the year in which property taxes are collected.

#### ***Personal Property Replacement Taxes (PPRT)***

PPRT revenue is budgeted to decrease from \$208 million in FY16 to \$189 million in FY17. This includes \$58 million set aside for debt service and leaves \$131 million for operating purposes. PPRT money being diverted to pay debt service is another example of CPS' operating budget being negatively impacted by debt costs.

Replacement taxes "replace" money that was lost by local governments when their powers to impose personal property taxes on corporations, partnerships, and other business entities were taken away by state legislation in the 1970's.

The state collects and distributes PPRT to local taxing districts. Taxing districts in Cook County receive 51.7 percent of collections, which is divided among the County's taxing bodies based on each district's share of personal property collections in 1976. CPS receives 27.1 percent of the total Cook County share, which is equivalent to 14 percent of the statewide total.

The PPRT includes an additional state income tax on corporations and partnerships, a tax on businesses that sell gas or water, a 0.5 percent fee on all gross charges for telecommunications services excluding wireless services, and a per-kilowatt tax on electricity distributors. The primary driver of PPRT is corporate income tax receipts, which are closely tied to corporate profits.

The reduction of \$19 million from FY16 to FY17 is driven largely by a downward adjustment made to the State's calculation of the PPRT distribution rate. The state informed CPS that the recent years' PPRT distributions statewide were artificially high due to an error in the state's calculation of Corporate Income

Tax payments. The estimated PPRT revenue of \$208 million in CPS's FY 16 budget was artificially high as a result.

### ***TIF Surplus and Other Local Revenues***

CPS has received more than \$1 billion in TIF funds for capital investments in schools throughout the city over the past decade. On top of capital expenditures, Mayor Emanuel is also committed to declaring a surplus of TIF funds each year. In July 2015, the Mayor announced a freeze on new spending in downtown TIF districts, which created an estimated \$250 million in additional TIF surplus over five years. In FY16, CPS received a spike in TIF funding because the surplus was greater than expected and some FY15 payments were received in FY16. In FY17, the TIF surplus funds for CPS are returning to the more normal level of \$32.5 million.

"Other local revenues" also includes the pension payment made by the City of Chicago on behalf of CPS employees to the Municipal Employees pension fund (discussed in the Pension chapter) and is estimated to be \$57 million versus \$55 million in FY16. It is recorded as revenue as required by the Governmental Accounting Standards Board (GASB).

## **STATE REVENUE**

### **Overview – State Funding Developments**

CPS's main source of state operating revenue, General State Aid (GSA), had been reduced each year since FY09 and had been a major driver of the structural deficit. With the action taken by Springfield in FY17, CPS will see its first increase in state funding since FY09, due to GSA being held harmless, a \$29 million increase in early childhood funding, and the inclusion of a landmark new equity grant which provides CPS with an additional \$102 million.

The State has established a minimum level of funding called the "foundation level," and it is designed to ensure that school districts receive a minimum level of funding. However, from FY10 to FY16, the State "prorated" GSA – meaning it provided only a percentage of the minimum level of funding. When the state failed to appropriate enough dollars to fund to this level, it provided only of a percentage of the amount a district would otherwise receive, called "proration." This GSA formula provides greater resources for those districts with either low property values, a high number or concentration of low-income students, or both. As a result, the proration of these payments would disproportionately affect districts in need, including CPS. As a result of this underfunding and subsequent proration, CPS had lost well over half a billion dollars. In response, in FY17 the state is not prorating GSA and will hold districts' GSA harmless from enrollment declines.

In addition, the State has for years held the dubious distinction of being the worst state in the country for funding the education of children in poverty. Education experts and national independent advocacy groups have long pointed to Illinois as a state that needs to reform how it funds the education of children in poverty to make it more equitable. This year, the State has recognized the urgent need to reform

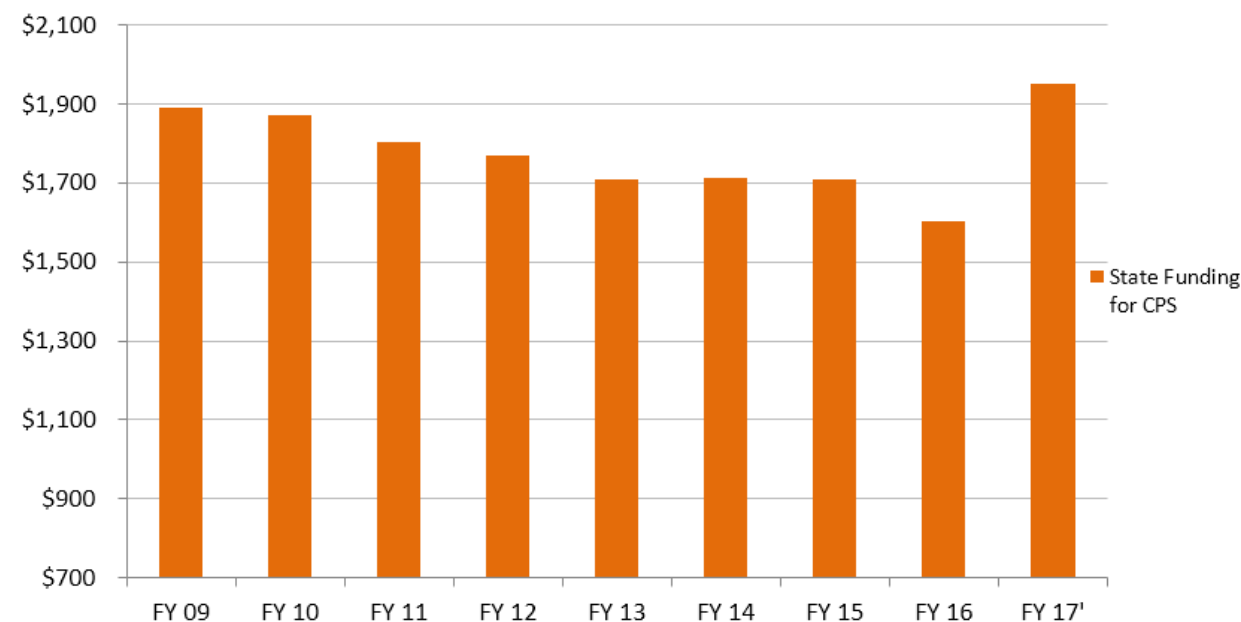
poverty-related funding, and has created an “Equity Grant” of \$250 million. Many districts throughout the State benefit from the equity grant, and CPS receives \$102 million of the funds.

In addition to the lost revenue CPS has experienced via GSA proration, charter schools that were approved by the State Charter Commission receive funding directly from the state which is deducted from what CPS would otherwise receive for state aid. In FY17 the state approved three new charter schools, which is anticipated to divert another \$14 million in GSA from the district, in addition to the \$12 million already being diverted by the existing two state-approved charter schools at CPS. The District has made clear that legislation is needed to reform the Charter Commission, and is disputing the Charter Commission’s actions in court.

As discussed in the Pensions Chapter, CPS is the only school district in the state required to fund and maintain its own pension fund, so every dollar paid into the fund by CPS is a dollar diverted from operating revenue. CPS will pay \$506 million to CTPF in FY17, due in part to a pledged \$215 million payment by the State. At the same time though, the State is projected to pay \$4.0 billion to support the retirement of all teachers outside of Chicago.

**Chart 1: FY 2017 First Year of State Funding Increase for CPS Since FY 2009**

**State Funding for CPS; GSA/Equity Grant, Block Grants, Bilingual, and Pensions**  
*(\$ in millions)*



' Includes state-pledged \$215 million for CTPF normal cost

**Funding Source Details**

The State has many different mechanisms for funding education in Illinois, including General State Aid, pension contributions, grants, block grants and other sources. In FY17, all sources of State education funding are estimated to be \$11.5 billion. CPS will be receiving a total of \$2.0 billion in State funds.

GSA represents 13 percent of the District’s total operating revenue. General State Aid consists statutorily of two components—the Equalization Formula Grant and the Supplemental Low-Income Grant (i.e. “Poverty Grant”). As mentioned above, in FY17, the state appropriated a landmark new grant to districts throughout the state to account for the greater need for funding for children in poverty, referred to as the “Equity Grant.”

The Equalization Formula Grant is based on the average daily attendance (ADA) at a school and generally on a local district’s ability to fund its own schools. The goal is that state money supplements local resources such that the combination provides a foundation for all students, thereby equalizing funding at districts across the state. The statutory funding level target, or “foundation level,” was \$6,119 in FY16 and has been since FY10.

The Poverty Grant is based on the number and concentration of low-income students at a school district. For its calculation of low-income students, the state uses a 3-year average, non-duplicated count of children eligible for Medicaid, the Supplemental Nutrition Assistance Program, the Children’s Health Insurance Program, or Temporary Assistance for Needy Families.

For the first time, in FY17 the state appropriated an “Equity Grant” which is supplemental to the GSA Poverty Grant and allocates dollars to districts based on the percentage of statewide Poverty Grant they received in FY16. This provides additional resources to those districts with higher concentrations of low-income students, such as CPS, and is a step forward to address the statewide need to reform the State’s highly regressive education funding formula.

In addition, districts request adjustments to prior-year GSA allocations based on property values that were subsequently reduced after successful property tax appeals. CPS expects to receive \$16.3 million for FY16 in prior-year adjustments.

Under the GSA formula, over one-third of districts were slated to lose GSA revenue in FY17. With an already highly regressive funding system and after seven years of prorating General State Aid, the state decided in FY17 to provide an Equity Grant and hold districts’ GSA allocation harmless to FY16. Specifically, a district will receive their FY16 GSA allocation, plus the amount of the new equity grant, or their calculated FY17 GSA amount, whichever is greater. This means CPS will receive the same GSA in FY17 that the District received in FY16, and an additional amount via the Equity Grant.

Total General State Aid for CPS is projected to increase from the FY16 budget to the FY17 budget by \$107.6 million. This is due primarily to the inclusion of hold-harmless and \$102.4 million in the new Equity Grant, with \$14.2 million more being diverted to state-approved charter schools which receive GSA dollars from the district’s GSA revenue up-front (total of \$26.2 million in FY17). The amount budgeted for debt service from GSA will increase dramatically from \$42.9 million in FY16 to \$373.4 million in FY17, as a result of the expiration of one-time savings due to debt restructuring measures in FY16. The pressure of this increase

in debt service will decrease the amount budgeted and available from GSA for operations by \$222.9 million; from \$909.3 million in FY16 to \$686.4 million in FY17.

### ***General Education and Educational Services Block Grants***

CPS receives two block grants: the General Education Block Grant and Educational Services Block Grant. The grant amounts are computed by multiplying the state appropriation for the programs included in the grant by the Board's percentage share of those programs in FY95. The General Education Block Grant consists of grants for early childhood education, truants alternative optional education program (TAOEP), and agricultural education. The Educational Services Block Grant consists of grants for special education, state free and reduced meals, and pupil transportation.

In FY17, CPS Block Grant revenue will increase by \$36 million over FY16 budget, for a total of \$634 million. This increase is the result of a statewide investment in early childhood education, resulting in an additional \$29 million for CPS, the appropriation for Regional Offices of Education (school services) that was absent from the state's FY16 budget, and grant expenditures falling outside the district's revenue recognition period.

### ***Other State Revenues***

Other state funding includes capital funds and categorical state grants that are not accounted for elsewhere. For example, it includes grants for bilingual education, vocational education, and driver's education.

CPS anticipates \$21 million in bilingual education funding, which is relatively flat from FY 16 Budget. Funding is provided based on the number of students receiving five or more class periods of bilingual/English as a Second Language (ESL) instruction per week. The amount of each district's grant is determined by the size of the student population, amount and intensity of bilingual/ESL services received by students, and the grade levels of eligible students. When the statewide total exceeds the appropriation, ISBE prorates reimbursements. In FY 17, our projections assume a proration level of 60 percent.

As noted in the Pension chapter, CPS anticipates a \$215.2 million State contribution to the Chicago Teacher's Pension Fund that is included in "other state revenues." \$3.0 million was budgeted in FY16 for mitigation of losses due to the proration of GSA and is now budgeted as GSA in FY17, due to the hold harmless provision of GSA in FY17. All other state revenues are relatively flat to FY 16.

### ***State Contribution for Capital***

The FY17 budget includes \$14.8 million in state support for capital projects at CPS, which is a reduction from the FY16 budget of \$83.1 million. Legislation was passed in 2013 that transfers funds from the State Gaming Fund to support school construction. Per this statute, CPS receives annual payments of \$13.3 million to support construction of new schools, which is reflected in the FY17 budget. Additionally,

CPS expects to receive \$1.5 million in grants from the Illinois Environmental Protection Agency for green infrastructure projects. All other capital revenue budgeted in FY16 is not anticipated in FY17.

## **FEDERAL REVENUES**

### **Overview**

Most federal grants require the Board to provide supplemental educational services for children from low-income or non-English speaking families or for neglected and delinquent children from preschool through 12<sup>th</sup> grade. These grants are dedicated to specific purposes and cannot supplant local programs. Medicaid reimbursement and Impact Aid are the only federal funding that is without any restriction.

### ***Elementary and Secondary Education Act (ESEA) (also referred to as No Child Left Behind)***

- **Title I-A – Low Income:** Allocated based on a district's poverty count, this is the largest grant received under the No Child Left Behind Act. The grant allows the district to provide supplemental programs to improve the academic achievement of low-income students. CPS anticipates a reduction in the formula-based Title I amount to \$250 million for FY17. The total grant available for FY17 is \$293 million, which includes allowable carryover of \$43 million from the previous year.
- **Title I-A – School Improvement Grant 1003(a):** This grant provides services for underperforming Title I schools to improve the overall academic achievement of their students. The State utilizes Title I funds to carry out its system of technical assistance and support for local educational agencies. Because of program changes by the state, the current award will stay level at \$4 million for FY17.
- **Title I-A – School Improvement Grants 1003(g):** School Improvement Grants help ensure that all students have reading and math skills at grade level. The total amount available for FY17 is \$15 million under these grants, when including rollover amounts.
- **Title I-D – Neglected/Delinquent:** This grant targets the improvement of educational services for neglected or delinquent children and youth in local and state institutions to assist them in attaining State academic achievement standards. Programs include academic tutoring, counseling and other curricular activities. The allocation for FY17 will be \$2 million.
- **Title II-A – Improving Teacher Quality:** Class size reduction, recruitment and training, mentoring and other support services to improve teacher quality are funded through this grant. The current year award is estimated to stay level at \$34 million in FY17. Including the estimated carryover of \$12 million, the total award available for FY17 is \$46 million.
- **Title III-A – Language Acquisition:** Funding is provided to support students with limited English proficiency who meet eligibility requirements. The total funding available for the Language Acquisition grant is budgeted at \$13 million for FY17, which comprises the estimated current-year allocation of \$11 million and carryover of \$2 million.



- **Title IV-B – 21<sup>st</sup> Century Community Learning Centers:** These grants provide opportunities for communities to establish schools as community learning centers and provide activities after-school and evening hours. For FY17, CPS estimates grant awards of \$5 million, and rollover of \$1 million.
- **Title VII-A – Indian Education:** Funds from this grant are used to meet educational and culturally-related academic needs of American Indian and Alaska Native students. Funds for FY17 are expected to increase to \$239,000.
- **Title VIII – Impact Aid:** This grant offsets lost revenue from federal acquisition of real property. The Impact Aid is expected to stay flat year-over-year at \$100,000 in FY17.

#### ***Individuals with Disabilities Education Act (IDEA)***

IDEA grants provide supplemental funds for special education and related services to all children with disabilities from ages 3 through 21.

The IDEA grants include a number of programs.

- **IDEA Part B Flow-Through:** This is the largest IDEA grant, which is allocated based on a formula established by the state. The estimated award for the FY17 flow-through formula grant totals \$94 million. No carryover funding is available due to the FY16 allocation being fully spent.
- **IDEA Room & Board:** This grant provides room and board reimbursement for students attending facilities outside of Chicago and is estimated at \$2 million.
- **Part B Preschool:** This grant offers both formula and competitive grants for special education programs for children ages 3-5 with disabilities. CPS is expected to receive \$1 million from the formula grant and \$489,250 from a competitive grant for FY17.

Including small competitive grants and carryover from the previous year in the preschool grant, total IDEA funding equals \$98 million in FY17.

#### ***National School Lunch Program & Child and Adult Care Food Program***

CPS offers breakfast, lunch, after school supper, after school snacks, Head Start snacks for afternoon classes during the school year, and serves breakfast and lunch during summer school.

Starting in 2012 CPS opted to participate in the Community Eligibility Provision program. All schools now are part of this program, which provides all students a free lunch regardless of income eligibility. CPS is reimbursed for all lunch meals at the maximum free reimbursement rate under the National School Lunch Program.

CPS's school breakfast programs provide breakfast in the classroom free of charge to all students regardless of income.

In addition, the USDA reimburses for free after school meals and free Head Start snacks under the Child and Adult Care Food Program and provides donated commodities based on the number of prior year lunches served.

Federal reimbursements are projected to decrease from \$213 million in FY16 to \$209 million in FY17 due to a decrease in enrollment. These revenues include:

- \$135 million from school lunches
- \$50 million from breakfast programs
- \$16 million of donated food from the U.S. Department of Agriculture
- \$8 million of after school meals and Head Start Snacks

### ***Medicaid Reimbursement***

CPS provides a variety of services to students with disabilities such as speech therapy, physical therapy, occupational therapy, mental health service and special transportation. CPS qualifies for Medicaid reimbursement for these covered services to eligible students and the costs of administrative outreach activities.

Medicaid pays for costs of direct, medically necessary services provided to eligible children who have disabilities in accordance with the Individuals with Disabilities Education Act (IDEA). In Illinois, services that may be claimed for School-Based Health Services' Medicaid reimbursement are: Audiology, Developmental assessments, Medical equipment, Medical services, Medical supplies, Nursing services, Occupational therapy, Physical therapy, Psychological services, School health aide, Social work, Speech/language pathology, and Transportation.

These services are frequently specified as necessary related services in individual education programs (IEP) developed by schools for children with disabilities. When these services are provided under a child's IEP, the services are eligible for federal Medicaid reimbursement, at the state's reimbursement rate, approximately half of the established cost to provide the service.

Schools may also claim some costs for the administration of the program. Allowable administrative claims include outreach activities designed to ensure that the entire student community has access to Medicaid covered programs and services, as well as costs incurred for implementing and monitoring the Illinois state Medicaid plan.

Medicaid revenues in FY17 are expected to be \$58 million. In an effort combat lost revenue from declining state reimbursement rates, CPS is pursuing initiatives to increase Medicaid enrollment, increase accuracy in the recording of services provided at schools, reduce the number of denied claims, and begin submitting claims for services not currently being billed.

### ***Other Federal Grants***

Other Federal Grants include competitive grants for other specific purposes. Below is a brief description of major grants under this category:

- **Head Start:** The United States Department of Health and Human Services provides funds for the Head Start program, which focuses on educating children from birth to 5 years old who are in low-income families. The program provides comprehensive education, health, nutrition and parent involvement services to these children. CPS Head Start programs are funded through the City of Chicago. The FY17 award for Head Start is expected to increase to \$42 million from \$41 million in FY16.
- **Carl D. Perkins:** This grant was established to develop academic and technical skills for career opportunities, specific job training and occupational retraining. This grant targets students in secondary and postsecondary education. The FY17 Perkins formula grant is anticipated to stay level at \$6 million with an estimated rollover of \$900,000.

### ***Federal Interest Subsidy under Qualified School Construction Bonds (QSCBs) and Build America Bonds (BABs)***

In FY17 CPS has budgeted to receive a direct federal subsidy payment of \$25 million for these two types of federally-subsidized bonds. This amount takes into consideration an allowance assumption of 7.5% for federal sequestration and has not changed from our FY16 assumptions. See the Debt Management chapter for more information.

---

[1] New property is in addition to the amount capped at inflation.

[2] <http://www.revenue.state.il.us/LocalGovernment/PropertyTax/CPIhistory.pdf>

## **Schools and Networks**

FY17 is the fourth year that Chicago Public Schools has used Student Based Budgeting (SBB) to fund schools. SBB allocates funds to schools on a per-pupil basis, which creates greater consistency in funding across the District, ensuring that funding is fair and equitable, as dollars follow the students.

There are, however, two significant changes since the previous budget. First, SBB funding levels have been affected by the mid-year reductions that were announced in February 2016. Schools began FY16 with an SBB base rate of \$4,390 per pupil, which was unchanged from FY15. The FY16 budget was balanced, however, on the assumption that Springfield would come through with additional funding for CPS. When it became clear that no additional funding would arrive, CPS had no choice but to reduce school budgets in February 2016. The mid-year cuts reduced the total SBB allocation by \$120 million, effectively reducing the base SBB rate to \$4,087 for the second half of the year. (Part of the \$120 million reduction is an annualized amount that applied only to the second semester.)

SBB funding in FY17 is unchanged from the funding level announced with the FY16 mid-year reductions. The base SBB rate for FY17 is \$4,087 per pupil. Throughout the FY17 budget process, CPS warned of deep cuts to school funding, including a nearly 40% reduction to the SBB rate, if Springfield did not act to provide our students the equitable resources they deserve. Thankfully, the Illinois General Assembly took action on June 30, 2016, passing a package of legislation that increased revenue by more than \$600 million, allowing CPS to keep SBB funding the same as FY16's ending rate.

The second major change in FY17 is that diverse learner funding for special education teachers and paraprofessionals has been combined with SBB funding into a single allocation. Although diverse learner funding was determined separately – based on each school's diverse learner spending in FY16 – schools were given a single allocation to use to meet the needs of all of their students. Combining the funding sources reinforced the guidance given to schools to build a unified instructional program that met the needs of all students, rather than have one program for general education students and a separate program for diverse learners. Schools were instructed to schedule their diverse learners first and then build up the general education program around it, rather than budgeting general education first and treating diverse learners as an afterthought.

### **ENROLLMENT**

CPS has had declining enrollment for many years. Over the 10 years between 2005 and 2015, CPS enrollment has declined by more than 21,000 students, or about 5 percent. This enrollment trend is consistent with a decline in the birth rate over the same period of time – not just in Chicago, but in Illinois and the country as a whole. CPS now attracts a higher percentage of Chicago's children than it did 10 years ago, but the pool of children is smaller than it once was. (See Appendix A for more information about enrollment and demographics.)

In FY17, we are projecting a further net overall decline in enrollment of 5,262 students, or 1.3 percent, as shown in Table 1.

**Table 1: FY16 Enrollment and FY17 Projected Enrollment by School Type**

School Type	FY16 Actual (20 <sup>th</sup> Day)			FY17 Projected		
	Pre-K	K-12	Total	Pre-K	K-12	Total
Traditional district-run schools	21,252	303,148	324,400	21,224	298,324	319,548
Charter schools	324	58,266	58,590	339	57,957	58,296
Contract schools	0	3,230	3,230	0	2,818	2,818
District specialty schools	980	1,017	1,997	1,004	991	1,995
District options schools	0	783	783	0	1,014	1,014
ALOP/SAFE school programs	0	3,285	3,285	0	3,352	3,352
<b>Total District Enrollment</b>	<b>22,556</b>	<b>369,729</b>	<b>392,285</b>	<b>22,567</b>	<b>364,456</b>	<b>387,023</b>

K-12 enrollment at traditional district-run schools is projected to decline by 4,824 students, from 303,148 in FY16 to 298,324 in FY17. In past years, the decline in enrollment at District-run schools was offset by an increase in enrollment at charter and contract schools. The growth in enrollment in charter and contract schools has been decelerating for several years, and in FY17 we are projecting a slight decrease in K-12 enrollment for the first time – a decrease of 721 students, from 61,496 to 60,775.

Enrollment in Alternative Learning Options Programs (ALOP) has also leveled off, after several years of rapid growth that saw ALOP enrollment increase from 634 students in FY13 to 3,620 students at the end of FY15. Quarterly enrollment counts in FY16 ranged from 3,173 to 3,566, and we are projecting FY17 enrollment to be 3,297 students.

As shown in Table 1, pre-school enrollment is also projected to be nearly the same in FY17 as in FY16. Pre-school enrollment has been declining since fall 2011, which reflects the declining birth rates in Chicago and around the state and country. However, CPS has expanded its investment in Early Childhood education in FY17, including funding to support an increase of 53 full-day pre-school classrooms in high-need communities, to help ensure a higher percentage of families seeking Pre-K programs have accessible options this year.

## NUMBER OF SCHOOLS

Per CPS definition, a school:

1. is officially authorized by the Chicago Board of Education;
2. is based in one or more buildings inside the geographic boundaries of the City of Chicago;
3. has or will have one of the following governance structures: a local school council, an appointed local school council, a board of directors or a board of governors;
4. employs at least one administrator to lead the school;
5. employs at least one credentialed person to provide instruction to students;
6. provides an appropriate curriculum for each grade level served that, at a minimum, meets all requirements of the Illinois State Code;
7. requires progression towards a terminal grade level within a single school, regardless of physical location;
8. is not defined under Illinois School Code as something other than a school (e.g., an Alternative Learning Opportunity Program is not a school); and
9. has or is intended to have at least one actively enrolled student during the school year.

Based on this definition, there were 660 schools in FY16, and 652 schools in FY17. Table 2 gives the school count school type.

**Table 2: Number of CPS Schools by School Type, FY16 and FY17**

School Type	Description	FY16	FY17
Traditional district schools	District-run schools funded through Student Based Budgeting	502	500
Charter schools	Public schools managed by independent operators and certified under state charter law	130	125
Contract schools	Public schools managed by independent operators under a contract with the District	11	9
District specialty schools	District-run schools that primarily serve students with significant diverse learning needs or early childhood students.	11	10
District options schools	District-run high schools for students in restricted environments or students who need educational alternatives to traditional high schools	4	6
SAFE school programs	Schools managed by independent operators for students who have been expelled from other schools due to violence	2	2
<b>Total schools</b>		<b>660</b>	<b>652</b>
Not counted as schools:			
ALOP programs	Programs managed by independent operators that provide educational options for students who have dropped out of school and seek to return	13	12

The following school actions explain the change in school count between FY16 and FY17:

**Table 3: School Openings and Closings Between FY16 and FY17**

School Short Name	Description	Change
<b>Traditional District Schools</b>		
DODGE	Consolidated by board action into MORTON.	-1
AUSTIN BUS & ENTRP HS	Consolidated by board action into VOISE HS.	-1
AUSTIN POLY HS	Consolidated by board action into VOISE HS.	-1
MARINE MILITARY HS	Closed by board action due to zero enrollment.	-1
SOUTHEAST	New school.	+1
DYETT ARTS HS	New school.	+1
	<b>Net Change in Traditional District Schools</b>	<b>-2</b>
<b>Charter Schools</b>		
AMANDLA HS	Closed by board action.	-1
BRONZEVILLE LIGHTHOUSE	Closed by board action.	-1
CICS - HAWKINS HS	Closed by board action.	-1
SHABAZZ - SIZEMORE	Closed by board action.	-1
SHABAZZ - DUSABLE HS	Closed after completion of phase-out.	-1

School Short Name	Description	Change
GALAPAGOS	Voluntary closure by school.	-1
KIPP CHICAGO - ASCEND PRIMARY	Consolidated by board action into KIPP - ASCEND.	-1
KIPP CHICAGO - ONE	New school.	+1
NOBLE - MANSUETO HS	New school.	+1
	<b>Net Change in Charter Schools</b>	<b>-5</b>
<b>Contract Schools</b>		
COMMUNITY SERVICES WEST	District will take over management of school.*	-1
PROLOGUE - EARLY COLLEGE HS	District will take over management of school.*	-1
	<b>Net Change in Contract Schools</b>	<b>-2</b>
<b>District Specialty Schools</b>		
MONTEFIORE	Closed by board action due to zero enrollment.	-1
	<b>Net Change in District Specialty Schools</b>	<b>-1</b>
<b>District Options Schools</b>		
COMMUNITY SERVICES WEST	District will take over management of school.*	+1
PROLOGUE - EARLY COLLEGE HS	District will take over management of school.*	+1
	<b>Net Change in District Options Schools</b>	<b>+2</b>
<b>ALOP Programs</b>		
PROLOGUE - WINNIE MANDELA HS	Contract not renewed by District.	-1
	<b>Net Change in ALOP Programs</b>	<b>-1</b>

\*Pending approval from the Board of Education at the August 2016 Board Meeting.

## SCHOOL BUDGET OVERVIEW

The FY17 budget contains more than \$3.55 billion budgeted at school units, including almost \$2.3 billion budgeted for core instruction at 652 schools. The following tables show fund and position allocations by school type and funding category:

**Table 4: FY17 School Budgets, by School Type and Funding Category**

FY17 School Budgets (in \$000s)	Core Instruction	Supp. Diverse Learners*	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	1,405,109	60,904	18,227	126,307	70,532	307,095	96,444	<b>2,084,619</b>
District High Schools	514,436	25,054	2,482	177	38,895	91,500	38,173	<b>710,716</b>
Charter/Contract	323,780	79,541	3,183	0	5,597	85,177	152,757	<b>650,034</b>
ALOP	18,893	2,615	7	0	68	4,911	9,374	<b>35,869</b>
Specialty	8,152	28,632	451	5,094	99	1,860	1,195	<b>45,482</b>
District Options	6,695	3,574	0	0	9,307	1,540	220	<b>21,335</b>
SAFE	761	445	0	0	989	130	850	<b>3,175</b>
Non-Public	0	0	0	0	60	0	0	<b>60</b>
<b>Total</b>	<b>2,277,827</b>	<b>200,764</b>	<b>24,349</b>	<b>131,578</b>	<b>125,546</b>	<b>492,213</b>	<b>299,013</b>	<b>3,551,290</b>

\*Does not include almost \$397 million of diverse learner funding at district elementary and district high schools that has been combined with SBB and included as part of core instruction.

**Table 5: FY17 Positions in School Budgets, by School Type and Funding Category**

FY17 Positions at Schools (FTEs)	Core Instruction	Supp. Diverse Learners*	Bilingual	Early Childhood	Other Programs	Discretionary	Operations	Total
District Elementary	14,248.2	665.0	167.0	1,627.2	700.8	3,037.4	2,424.8	22,870.4
District High Schools	5,050.4	281.0	25.5	2.0	353.9	935.6	858.0	7,506.3
Charter/Contract	0.0	0.0	0.0	0.0	1.0	0.0	110.0	111.0
ALOP	0.0	0.0	0.0	0.0	0.0	0.0	1.0	1.0
Specialty	64.0	405.5	5.0	65.0	2.0	4.5	25.0	571.0
District Options	49.2	30.4	0.0	0.0	78.0	5.3	6.0	168.9
SAFE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-Public	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Total</b>	<b>19,411.8</b>	<b>1,381.9</b>	<b>197.5</b>	<b>1,694.2</b>	<b>1,135.7</b>	<b>3,982.8</b>	<b>3,424.8</b>	<b>31,228.6</b>

\*Excludes special education teachers and paraprofessionals outside of cluster programs for district elementary and district high schools.

The following sections discuss Core Instruction Funding and Additional Funding Received by Schools, including funding for diverse learners, bilingual, early childhood, other programs, discretionary funds, and operations.

## FUNDING FOR CORE INSTRUCTION

### Traditional District Schools

Traditional district schools are funded through SBB. The only district-run schools that do not fall in this category are the 10 specialty schools and 6 District options schools, which are discussed in later sections.

In the aggregate, funding for district-run schools is declining by more than \$128 million from 20<sup>th</sup> day of FY16 – an 8.7 percent reduction compared with a 1.6 percent decrease in enrollment. The reason for this disparity is the mid-year SBB reductions in FY16, which decreased the base per-pupil rate from \$4,390 to \$4,087.

**Table 6: SBB Funding at Traditional District Schools**

Traditional District Schools	FY16 20 <sup>th</sup> Day	FY17 Projected	Change	% Change
Number of schools	502	500	-2	
Number of K-12 students	303,148	298,324	-4,824	-1.6%
SBB funding, in millions	\$1,472.9	\$1,344.7	(\$128.2)	-8.7%

In FY17, diverse learner funding for teachers and paraprofessionals (except for cluster programs) was included with SBB funding. District-run schools received almost \$397 million of diverse learner funding for a combined SBB/diverse learner pot exceeding \$1.74 billion. This significant change in funding makes year-over-year comparisons difficult for district-run elementary and high schools. The FY17 budget for Core Instruction (see Table 4) is much larger than in past years for district-run schools because it includes funding for diverse learners. Supplemental funding for diverse learners, similarly, is much



smaller than in past years for district-run schools because it includes only the funding for teachers and paraprofessional in cluster programs.

**Table 7: Positions (FTE's) Budgeted by District Schools Using SBB Funds\***

Category	Job Title	FY16 Budget	FY17 Budget
TEACHERS	Teachers**	12,029.5	10,914.7
	Special Education Teachers	38.9	2,842.8
	Assistant Principals	515.8	479.1
	School Counselors / Social Workers / Nurse	149.2	131.6
	Coaches / Instructional Leaders / Other Teachers	27.2	31.8
EDUCATION SUPPORT PERSONNEL	Special Education Support Assistants	25.3	2,321.8
	Teacher Assistants	141.2	364.3
	School Clerks	129.0	105.0
	Instructor Assistants	18.0	73.6
	School Security Officers	67.7	61.6
	School Clerk Assistants	49.7	52.2
	Technology Coordinators	46.0	48.7
	Guidance Counselor Assistants	36.5	35.0
	Other Education Support Personnel	224.0	332.0
	<b>TOTAL</b>	<b>13,498.0</b>	<b>17,794.2</b>

\*FY17 budget includes funding for special education teachers and paraprofessional in non-cluster classrooms.

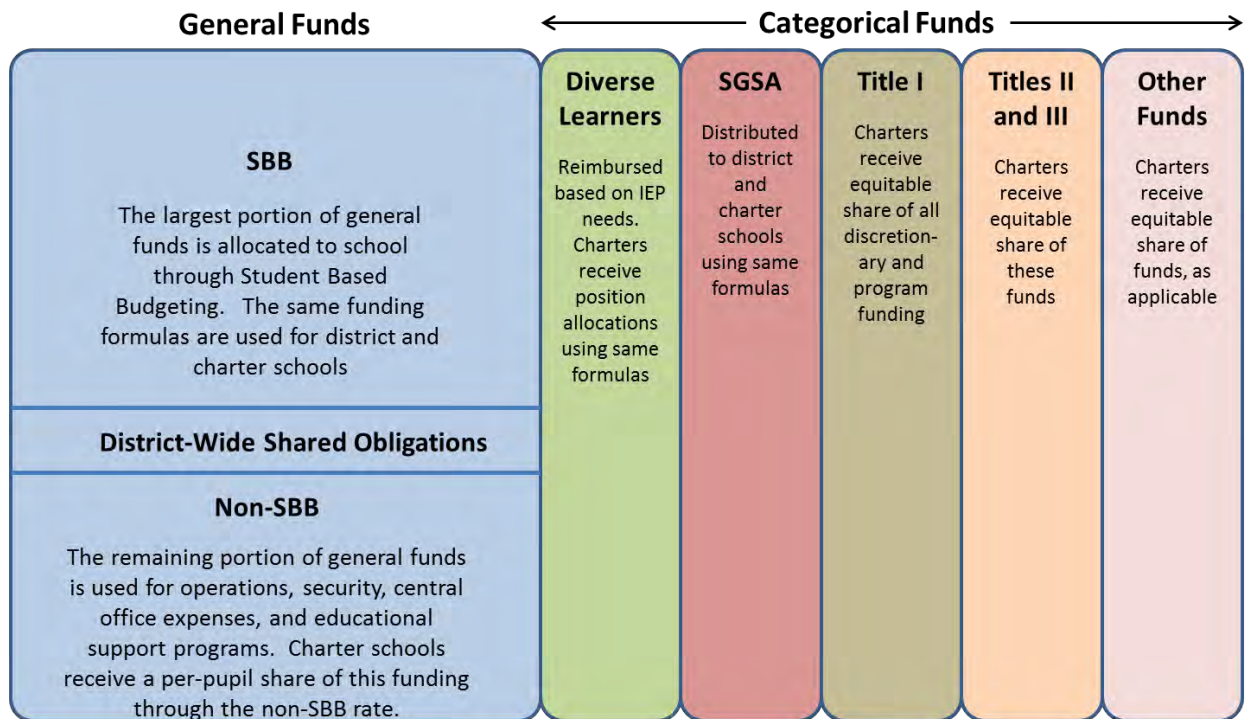
\*\*The reduction in teachers funded via SBB is partially offset by an increase in teachers funded through Title I, Title II and SGSA. In FY17, an additional 525.4 teacher positions are funded through those sources compared to FY16.

### Charter/Contract Schools

Charter and contract schools are public schools managed by independent operators. First established in Chicago in 1997, they offer an alternative to traditional district-managed schools. Charter schools are approved and certified under the Illinois Charter School Law. Contract schools also are independently managed public schools with similar autonomies as charter schools in budget and curricular operations.

As outlined in Chart 1, CPS provides tuition to charter schools in two components: SBB and non-SBB. Together, these tuition amounts provide charter schools with an equitable share of the District's general funds budget.

**Chart 1: Overview of CPS Operating Budget for Charter Funding**



SBB is the largest portion of the general funds budget, and it is allocated to all schools under the SBB model, which uses the same funding formulas for district and charter schools. The General Funds budget also includes some funding categories that are considered district-wide shared obligations, such as the unfunded pension liability. Charters do not receive tuition funding based on these shared obligations. Funding for operations, security, central office expenses and education support programs, which, for district-run schools, are paid-for through citywide spending, are paid to charter schools through a second category of funding called “non-SBB” funding. This ensures that charter school students receive an equitable share of this more centralized district school spending. Additionally, charter schools receive an equitable share of each categorical funding source, where applicable. Finally, administrative fees are charged to charter schools, so that they will contribute equitably to district overhead costs.

In FY17, two new charter schools are expected to open, and seven charter schools will close or be consolidated at the end of FY16, for a net decrease of five charter schools. CPS also chose not to renew contracts for two contract schools; pending approval from the Board of Education, these schools will be district-managed in FY17.

Enrollment at charter and contract schools is expected to decrease by 721 students, or 1.2 percent. However, general education tuition payments (SBB and non-SBB, less administrative fee) to charter and contract schools will decrease by \$47.1 million in FY17 – over 9.9 percent – due to the mid-year SBB cuts in FY16 (discussed above) and a reduction in the non-SBB rate in FY17. The base rate for non-SBB funding has dropped from \$1,974 in FY16 to \$1,680 in FY17, a decrease of 15 percent. This is due in part to central office reductions that occurred during FY16 and will continue in FY17. The lower rate is also due to anticipated vacancy savings of \$75 million in central office and district-run school budgets. Much

of the vacancy savings will come in school budgets, since district-run schools will not be able to reallocate vacancy savings in FY17.

**Table 8: SBB and Non-SBB Tuition Funding at Charter/Contract Schools**

Charter/Contract Schools	FY16 20 <sup>th</sup> Day	FY17 Projected	Change	% Change
Number of schools	141	134	-7	
Number of K-12 students	61,496	60,775	-721	-1.2%
SBB funding, in millions	\$350.5	\$323.8	(\$26.7)	-7.6%
Non-SBB funding, in millions	\$138.7	\$116.9	(\$21.8)	-15.7%
Administrative fees (estimated), in millions	(\$16.0)	(\$14.6)	\$1.4	-8.8%
<b>Total general education tuition payments</b>	<b>\$473.2</b>	<b>\$426.1</b>	<b>(\$47.1)</b>	<b>-9.9%</b>

### Alternative Learning Opportunity Programs (ALOP)

Alternative Learning Opportunity Programs provide different educational options for at-risk youth who are not currently enrolled in school. Since 2011, CPS has expanded partnerships with successful providers that specialize in working with off-track youth and more than doubled the number of available seats in options schools and programs.

One ALOP program was non-renewed at the end of FY16, bringing the number of ALOP programs in FY17 down to 12. In addition, 28 charter and contract schools and three district-run schools serve the same population of at-risk youth who have dropped out of school and seek to return.

**Table 9: SBB and Non-SBB Tuition Funding at ALOP Programs**

ALOP Programs	FY16 20 <sup>th</sup> Day	FY17 Projected	Change	% Change
Number of programs	13	12	(1)	
Number of K-12 students	3,269	3,297	28	0.9%
SBB funding, in millions	\$20.0	\$18.9	(\$1.1)	-5.5%
Non-SBB funding, in millions	\$8.0	\$6.9	(\$1.1)	-13.8%
Administrative fees (estimated), in millions	(\$0.9)	(\$0.8)	\$0.1	-11.1%
<b>Total general education tuition payments</b>	<b>\$27.1</b>	<b>\$25.0</b>	<b>(\$2.1)</b>	<b>-7.7%</b>

As with charter and contract schools, the mid-year SBB reductions in FY16 and the reduction to the non-SBB rate in FY17 is driving the decreases in ALOP tuition funding.

### Specialty Schools

Specialty schools serve primarily students with significant diverse learning needs, as well as three early childhood centers that have only Pre-K students. Specialty schools include:

- Three early childhood centers serving only Pre-K students (Vick, Thomas, Stock)
- Three early childhood centers serving Pre-K students, but where a significant number of diverse learners remain enrolled at the school for primary grades (Blair, Beard, Rudolph)
- Four high schools serving 100 percent diverse learners (Northside, Southside, Graham, and Vaughn).

In FY17, specialty schools will receive \$8.2 million in funding for core instruction, which represents 17.9 percent of their overall budgets of \$45.5 million.

The costs of these schools are significantly more than traditional schools when compared on a per-pupil basis to account for the specific needs of the diverse learners they serve.

### **District Options Schools**

District options schools provide educational options to students in confinement, at risk of dropping out of school, or who have dropped out and wish to return. District schools include one school located at the Cook County Jail (York), one at the Cook County Juvenile Temporary Detention Center (Jefferson), one school serving pregnant women (Simpson), and one school serves returning dropouts and students at risk of dropping out (Peace & Education Coalition). CPS also ended contracts with the operators of two contract schools serving drop-out students (Community Services West and Prologue - Early College HS), and CPS will manage these schools in FY17.

In FY17, district options schools received a core allocation of \$6.7 million for teachers and administrative positions. In addition, they received \$9.3 million in supplemental Title I positions, which will help the schools address their unique challenges.

### **SAFE Schools**

SAFE schools provide an educational option to students who have been expelled from another CPS school due to violence. CPS has one SAFE school on the south side of the city, and a second SAFE school on the west side. SAFE schools are managed by an independent operator.

The SBB and non-SBB tuition cost for two Safe schools is \$2.3 million, which is partially offset by a state Regional Safe Schools grant of approximately \$1.0 million.

## **ADDITIONAL FUNDING RECEIVED BY SCHOOLS**

Although funding for core instruction is typically the largest portion of a school's budget, schools receive additional funding to meet specific student needs, including funding for diverse learners, bilingual students, early childhood students, other programs, discretionary funds and school operations. See Appendix B for information on funding formulas for these allocations.

### **Supplemental Diverse Learner Funding**

As mentioned above, there was a significant change in FY17 in how funding for diverse learners was allocated. For district-run elementary and high schools, funding for diverse learner teachers and paraprofessionals outside of cluster programs has been combined with SBB funding and given as a single allocation. Thus, almost \$397 million of funding for district-run schools is now categorized as "core instruction" funding, rather than a separate allocation for diverse learners.

Therefore, in FY17, supplemental diverse learner funding is a smaller category because it excludes the funding that has been rolled into SBB. What remains is special education teachers and paraprofessionals for diverse learner cluster programs, all diverse learner funding for district-run specialty and options schools (which are not funded through SBB), and all diverse learner funding for charter/contract schools and ALOP/SAFE school programs.

### Bilingual Education

Schools receive supplemental bilingual education teachers and per-pupil funds based on their number of English language learner (EL) students. There are two programs: Transitional Bilingual Education (TBE), for schools that have 20 or more EL students of the same language background, and Transitional Program of Instruction (TPI), for schools that have fewer than 20 EL students of the same language background. The Office of Language and Cultural Education (OLCE) tracks EL students and allocates supplemental bilingual teachers and funds to schools.

The FY17 budget contains \$24.3 million in supplemental funding to schools, including 197.5 supplemental bilingual education teacher FTE's. Bilingual education is supported by dedicated state and federal funding.

### Early Childhood

The FY17 budget contains \$131.6 million in funding for early childhood programs at 353 elementary schools. Early childhood programs serve Pre-K students, usually ages 3 and 4, and are funded from both a state grant (Pre-School for All) and federal Head Start funds. This amount also includes \$2.6 million of Title I funding that is used to fund some of the costs of 14 child-parent centers, and \$2.9 million for tuition-based Pre-K programs at district-run schools.

CPS also provides funding to community-based providers for early childhood programs, as described more fully in the Early Childhood department narrative, but this funding is not reflected in school budgets.

### Other Programs

Some schools receive teaching positions or other additional funding for specific programs that are run at those schools. All programs except for STEM are funded from general funds. Details on these programs are found in their program narrative. Significant programs include:

**Table 10: Board Funded Programs**

Board-Funded Program	Positions			Budget (\$ millions)		
	FY16 Ending	FY17 Budget	Change	FY16 Ending	FY17 Budget	Change
Magnet Schools	151.4	150.4	-1.0	\$16.3	\$16.7	\$0.4
JROTC	139.0	139.0	–	\$14.1	\$14.4	\$0.3
International Baccalaureate	109.7	108.5	-1.2	\$12.0	\$11.8	(\$0.2)
Magnet Cluster Programs	96.0	96.0	–	\$9.7	\$10.4	\$0.7
STEM*	38.0	39.0	1.0	\$4.3	\$4.4	\$0.1
Selective Enrollment HS	34.0	35.0	1.0	\$4.1	\$4.1	–
Montessori Programs	54.0	54.0	–	\$3.6	\$3.7	\$0.1
Critical Language Initiative	32.0	32.0	–	\$3.0	\$3.1	\$0.1
Regional Gifted Centers	21.4	20.5	-0.9	\$2.3	\$2.4	\$0.1
Classical Schools	13.4	14.2	0.8	\$1.6	\$1.6	–
Regional Gifted Centers ELL	7.0	7.0	–	\$0.8	\$0.8	–
International Gifted	2.0	2.0	–	\$0.2	\$0.2	–
Academic Centers	1.0	1.0	–	\$0.1	\$0.1	–

Board-Funded Program	Positions			Budget (\$ millions)		
	FY16 Ending	FY17 Budget	Change	FY16 Ending	FY17 Budget	Change
<b>Totals</b>	<b>698.9</b>	<b>698.6</b>	<b>-0.3</b>	<b>\$72.1</b>	<b>\$73.7</b>	<b>\$1.6</b>

\*Includes grant funding.

### Discretionary Funds

Supplemental General State Aid (SGSA) is part of the General State Aid that CPS receives from the State of Illinois. SGSA funds are distributed to schools in proportion to the number of students enrolled who are eligible to receive free or reduced-price lunch under federal statutes.

CPS is required to distribute \$261 million in SGSA funds each year. SGSA funds are initially distributed based on an estimated count of low-income students at each school, but the final SGSA amount will be adjusted based on 20<sup>th</sup> day enrollment.

The FY17 budget includes \$258.8 million of SGSA funds budgeted at schools. The remaining \$2.2 million remains in contingency and will be disbursed along with 20<sup>th</sup> day SGSA adjustments.

Unspent SGSA funds at a school at the end of the year carry over to the next fiscal year. In recent years, CPS has made an initial distribution of carryover funds in July based on end-of-year spending estimates. This initial distribution gives schools a substantial portion of their SGSA carryover before the beginning of the school year, in order to plan and make initial outlays for academic programs early in the year.

Carryover dollars are not usually included in a school's budget because the budget is normally released before the end of the previous financial year. In FY16 and FY17, however, budgets were released after SGSA carryover amounts were determined, which allowed carryover dollars to be included as part of the SGSA funding in school budgets. School budgets in FY17 include just over \$26.0 million of SGSA carryover.

Title I of the federal No Child Left Behind (NCLB) Act provides funds to schools with high concentrations of low-income children to provide supplementary services for educationally disadvantaged students. Approximately 85 percent of CPS schools qualify for Title I discretionary funding. The FY17 budget contains \$205.3 million in Title I discretionary funding for CPS schools.

Schools use Title I dollars to fund additional teacher positions and other supplemental services. For FY17, district schools allocated 62.2 percent of their SGSA funds to teachers, 24.8 percent to other non-teaching positions and 13.0 percent on non-personnel costs. For Title I, they allocated 75.5 percent to teachers, 9.8 percent to other non-teaching positions and 14.7 percent to non-personnel costs. Table 11 shows teaching positions funded in this way.

**Table 11: Teacher FTEs Obtained with School Discretionary Funds**

Teacher FTEs Obtained with Discretionary Funds	FY16 Budget	FY17 Budget
SGSA	1,305.3	1,455.5
Title I	1,097.8	1,346.0
<b>Total</b>	<b>2,403.1</b>	<b>2,801.5</b>

### Non-Education Expenses

Schools have received additional positions, services and funding for various operational expenses. Many of these positions are managed centrally, rather than in schools, to gain district-wide efficiency and savings. Among the positions managed centrally are bus aides, engineers and custodians. In FY17, only the following non-education funding appears in schools budgets:

- **Security:** School security officers and security aides are assigned to schools by the Office of Safety and Security. Security positions are budgeted at the schools.
- **Food Service:** This includes the labor costs of the lunchroom staff; the food costs required to provide lunch and breakfast are budgeted centrally.

Please refer to the department narratives for more details about each of these operational areas.

### Private Schools

Students, teachers and parents of private schools students are entitled to federal support through No Child Left Behind (NCLB), such as Title I, Title II, Title III, and the Individuals with Disabilities Education Act (IDEA). CPS must set aside a share of the federal funds it receives to make services available to eligible private school students, teachers and parents. However, these funds are not paid directly to the private schools; instead, CPS operates these programs on behalf of eligible students, teachers and parents.

Each year, CPS oversees and manages services for approximately 60,000 students in 240 private schools, totaling almost \$24 million. In addition, we oversee services for children who attend 7 residential sites that specialize in serving children under the guardianship of the Illinois Department of Children and Family Services.

The following chart shows the allocations directed to private schools for each of the federal programs. Funding is a proportionate share of funds based on the number of eligible students in each private school compared to the student's designated CPS neighborhood school. FY17 amounts are projections; the final amounts will be determined only after the district's FY17 application is approved by the Illinois State Board of Education.

**Table 12: FY17 Budget for Private School Programs**

Federal Program	FY15 Budget	FY16 Budget	FY17 Budget
Title I (Improving Academic Achievement of Disadvantaged Students)	\$13,594,638	\$15,265,523	\$18,067,351
Title IIA (Improving Teacher Quality)	5,097,615	3,900,000	1,279,425
Title III (English Language Learners)	314,254	300,000	291,746
Individual Disabilities Education Act (IDEA)	2,063,309	1,771,519	3,735,391
Title I, Part D (Neglected)	693,584	680,886	559,690
<b>Total</b>	<b>\$21,763,400</b>	<b>\$21,917,928</b>	<b>\$23,933,603</b>

## NETWORKS

District-run schools are organized into networks, which provide administrative support, strategic direction and leadership development to the schools within the network.

Networks are led by network chiefs, who are responsible for building effective schools with strong leaders by developing a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks, and enhancing community and parental involvement. Networks are supported by deputy chiefs, data strategists, instructional support leaders for each content area, and administrative support. Each network also has a Family and Community Engagement Coordinator and a Specialized Services Administrator, although these positions appear in the budgets for the Office of Family and Community Engagement and the Office of Diverse Learners, respectively. All network chiefs and their offices report to the Office of Network Support.

There are 13 networks that manage schools in various different geographic regions of the city. All networks are K-12, managing both elementary schools and high schools. The Academy for Urban School Leadership (AUSL) and Service Leadership Academies also function as networks. In addition, approximately 50 schools are in the Independent School Program (ISP), which gives principals autonomy to run their schools without oversight of a network chief. Participation in the ISP program is based on the performance and experience of the principal, not the performance of the school itself.

Schools managed by AUSL, the six military academies, and schools in the ISP program do not belong to any of the 13 geographic networks.

**Table 13: Current Network Structure**

Network	City Planning Zones
1	Sauganash, Reed-Dunning, Albany Irving
2	Ravenswood
3	Austin, Belmont-Cragin
4	Logan, Lincoln Park
5	Humboldt Park, Garfield, West Humboldt, North Lawndale
6	Near North, Near West, Loop, Bridgeport, Chinatown
7	Pilsen, Little Village
8	McKinley Park
9	Bronzeville, Hyde Park, Woodlawn
10	Beverly, Midway, Chicago Lawn, Ashburn
11	Englewood, Auburn-Gresham
12	Chatham, South Shore
13	Far South, Far East
AUSL	N/A
ISP	N/A
Service Leadership Academies	N/A

In FY17, networks retained staffed positions from the previous year. Each network received a \$5,000 budget for administrative expenses and will receive a \$50,000 budget for targeted teacher professional development. An additional \$150,000 was budgeted in contingency should a network exhaust its targeted professional development funds. The Office of Network Support will allocate these funds as needed.



Staffing levels are not the same across the 13 geographic networks. Networks with higher poverty levels and/or higher concentrations of low-performing schools have more personnel. Table 14 shows the FY17 budgets for each network:

**Table 14: FY17 Network Budgets**

Network	Personnel	Non-Personnel	FY17 Budget
1	\$1,100,048	\$35,629	\$1,135,677
2	1,046,284	58,095	1,104,379
3	1,381,681	76,615	1,458,296
4	978,471	130,434	1,108,905
5	1,220,693	87,860	1,308,553
6	1,128,549	37,672	1,166,221
7	1,079,136	192,085	1,271,221
8	1,190,695	76,570	1,267,265
9	1,138,689	156,780	1,295,469
10	876,059	233,128	1,109,187
11	1,584,094	18,008	1,602,102
12	1,118,193	183,298	1,301,491
13	1,322,785	(39,816)	1,282,969
<b>Total</b>	<b>\$15,165,377</b>	<b>\$1,246,358</b>	<b>\$16,411,735</b>

Overall, network budgets have been reduced significantly in FY17. Networks received \$0.5 million less in personnel funds (due to position vacancies) and \$1.1 million less for non-personnel expenses. Non-personnel costs are funded through general education and Title II funds, while positions are funded through general education, Title I and Title II funds.

**Table 15: Total Budgets for 13 Networks**

Network Budgets (in millions)	FY15	FY16	FY17
Regular positions	\$17.0	\$14.7	\$14.2
Hourly/overtime salary and non-personnel	\$3.6	\$2.0	\$0.7
Held in contingency	\$0.0	\$0.0	\$0.1
<b>Total</b>	<b>\$20.6</b>	<b>\$16.7</b>	<b>\$15.0</b>

## Department Narratives Overview

Departments within Chicago Public Schools (CPS) serve, guide, and provide resources to our students, parents, families, teachers, partners and community. They are divided into two functions: central office and Citywide. The District's Central Office units provide instructional and administrative services throughout the district. Citywide units include teachers, programs, and other resources that work directly supporting schools but are not allocated to individual schools. They are managed and monitored by a central office unit.

These narratives explain the role that each department plays in the District, with a focus on how it serves students. These narratives also include tables that show the total dollars, by fund, associated with each department's mission and major programs. If a department is comprised of multiple central office and citywide units, their budgets have been aggregated.

An example of a department's budget summary is provided below:

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures</b>	<b>2017 Proposed Budget</b>
General Fund	5,373,981	6,123,325	5,880,910	5,139,608	5,814,065
NCLB Federal	3,019,851	3,000,000	4,912,260	4,083,953	4,712,250
Other Grants	4,185,555	2,030,225	3,125,258	2,520,911	822,640
<b>Total Department</b>	<b>12,579,387</b>	<b>11,153,550</b>	<b>13,918,429</b>	<b>11,744,472</b>	<b>11,348,955</b>

Addressing the columns from left to right:

**2015 Actual Expenses** are categorized by funding source (as are all other columns) to inform readers of the amount spent by the department during FY15. Providing information that extends two fiscal years into the past is helpful perspective on spending trends over time.

The **2016 Approved Budget** reflects the original budget for each department at the beginning of FY16.

During the course of the fiscal year, intra-fund transfers, reorganizations, or newly awarded grants may alter a department's budget relative to the original or approved budget. The **2016 Ending Budget** reflects those changes.

In addition to reporting the final department budget, **2016 Expenditures** reflects the amount actually spent in FY16, as of the time of budget preparation. There is a possibility for this column to change, as accounting may post expenditures for up to 90 days following the end of the fiscal year in order to reflect spending that took place in the previous fiscal year but was not invoiced or accounted for until after.

In certain instances, an amount may be budgeted within **Contingency** if revenues are *reasonably certain to be collected* but not yet realized, or if funding will be transferred to other units for activities related to the department chiefly responsible for the stewardship of these dollars, but the transaction has not yet occurred.

Amounts **Budgeted at Schools** are for programs that are managed by the department but whose funding is included in schools' budgets.

The **2017 Proposed Budget** represents the amount allocated to the department for the fiscal year starting July 1, 2016 and ending on June 30, 2017.

For more detail on the various funding sources, please refer to the *Revenue* chapter included in this budget book.

## Office of Access and Enrollment

### MISSION

Office of Access and Enrollment is dedicated to ensuring that all students in District-run schools are efficiently enrolled through an equitable process, increasing educational options for parents and students, and ensuring that all students have equal access to the programs and services available.

### MAJOR PROGRAMS

- Oversee the application and selection process for all of the district's centralized choice programs, including all non-charter elementary schools (magnet, magnet cluster, open enrollment, selective enrollment), and 5 high school types: IB, Military, Magnet, Selective Enrollment, and CTE.
- Coordinates and executes testing for Selective Enrollment elementary and high schools
- Facilitates Principal Discretion process for Selective Enrollment high schools.
- Training and communication about navigating the process including annual creation of the Options for Knowledge Guide, videos and presentations on how to navigate the application process, and training clerks and counselors on best practices.
- Coordinates annual Appeals process to address any situations that arose during the process (e.g. grade changes that would affect student placement).

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	3,534,411	3,022,809	3,139,668	3,138,629	2,873,862
Other Grants	78,148	76,848	37,578	19,970	0
<b>Total Department</b>	<b>3,612,559</b>	<b>3,099,657</b>	<b>3,177,246</b>	<b>3,158,599</b>	<b>2,873,862</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	12	9	10
Other Grants	1	0	0
<b>Total Department</b>	<b>13</b>	<b>9</b>	<b>10</b>

### MAJOR ACCOMPLISHMENTS

- Processed 86,000 applications for 42,500 applicants representing 334,000 unique student school choices.
- Tested 30,000 students for selective enrollment elementary and high school programs.
- Test results for early pre-k testers prior to the application deadline.

- Implemented an application fraud penalty that permanently bans any student who has been found to engage in tier or residency fraud from ever attending a selective enrollment school or program.

#### **KEY BUDGET INITIATIVES**

- Begin a 16 month stakeholder engagement process to launch Universal Enrollment for 9<sup>th</sup> grade. This initiative would be built during the 2017 fiscal year for launch in October of 2017.
- Online notification for families who apply for one or more of CPS's centralized programs online.
- Supply data and content support for the launch of HS Bound, an online tool to help students identify the best fit and match schools.

## Office of the Board of Education

### MISSION

The Chicago Board of Education is responsible for the governance and oversight of Chicago Public Schools. It establishes policies, standards, goals and initiatives to ensure accountability and provide a world-class education that prepares our students for success in college and career. The Board Office supports the Chicago Board of Education in its mission.

### MAJOR PROGRAMS

- Administering Chicago Board of Education meetings, including the release of meeting agendas, registration of speakers and attendees, recording of meeting proceedings and logging of Board actions
- Hosting Board Member Office Hours to allow members of the public to speak with Board members about important issues
- Maintaining Board Rules & Policies and the CPS Archive
- Executing and processing contracts, agreements and legal instruments
- Providing supports and services to key stakeholders, including [www.cpsboe.org](http://www.cpsboe.org) and phone service at 773-553-1600

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	1,039,453	1,117,076	1,120,251	1,010,448	1,018,975
<b>Total Department</b>	<b>1,039,453</b>	<b>1,117,076</b>	<b>1,120,251</b>	<b>1,010,448</b>	<b>1,018,975</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	8	8	8
<b>Total Department</b>	<b>8</b>	<b>8</b>	<b>8</b>

### MAJOR ACCOMPLISHMENTS

- Increased opportunities for community engagement with Board Members through monthly office hours, newly offered community office hours, and additional meetings with stakeholders.
- Enhanced the Board's website by adding new tools on [www.cpsboe.org](http://www.cpsboe.org) to allow public to request Office Hours with Board Members and "Get Help Now" to request Board staff to follow up with submitted issues/concerns.
- Improved the online registration process on [www.cpsboe.org](http://www.cpsboe.org) to allow the public to review the monthly meeting agenda before registering to speak or attend.

**KEY BUDGET INITIATIVES**

- The Board Office is committed to reducing spending and has decreased its FY17 budget by 7 percent from FY16. Since FY12, the office has reduced its budget by 59 percent, while maintaining a consistent level of service and effective operations.

## Chief Administrative Office

### MISSION

The Chief Administrative Office ensures that all operations of the school district run smoothly and are directed toward supporting schools and driving student achievement. The office strives to ensure fiscal stability and accountability, focusing on short- and long-range financial planning.

### MAJOR PROGRAMS

The Chief Administrative Office oversees and coordinates all of the district's operations, including Nutrition Services, Transportation, Safety and Security, Procurement, Student Health and Wellness, and Facility Operations and Maintenance. Each of these areas is described in detail in separate sections.

In addition, the Chief Administrative Office maintains external relationships with sister agencies in the City and provides senior leadership as part of the CPS CEO's cabinet.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	461,511	360,612	356,643	258,742	234,281
<b>Total Department</b>	<b>461,511</b>	<b>360,612</b>	<b>356,643</b>	<b>258,742</b>	<b>234,281</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	2	1	1
<b>Total Department</b>	<b>2</b>	<b>1</b>	<b>1</b>

*\* Positions assigned to departments that fall under the Chief Administrative Office are accounted for in each department's budget summary.*

### MAJOR ACCOMPLISHMENTS

- Operated National School Lunch and Breakfast Programs at a profit, allowing a fund balance of \$8 million while contributing \$12 million in indirect costs to the general fund.
- Expanded the Fresh Fruit and Vegetable Program to 96 schools, an increase of 23 schools compared to FY15.
- Increased the average Student Transportation On-Time Percentage from 80 percent to 86 percent.
- Decreased overall Bus Aide absenteeism by 3.1 percent from SY15 to SY16.
- Decreased overall School Bus accidents by 9 percent from SY15 to SY16.
- Expanded the District's Safe Passage Program, added 7 schools to the program to support a total of 140 schools around the District.
- Achieved \$30m in year-over-year audited savings through various strategic sourcing initiatives.



- Awarded over \$1 million in public & private grants to expand student health and wellness initiatives and approximately \$1.5 million in Medicaid revenue reimbursements for vision and hearing screening.
- Provided over 227,958 unique CPS students with one or more District-managed health services (e.g., vision / hearing screening, dental examination, hearing examination, vision examination).
- Drove a \$6 million savings in engineering service efficiencies through standardization of processes, performance management, improved preventative maintenance and implementation of computer maintenance management system.
- Decreased energy spending by \$280,000 as a result of reducing demand through a utility expense management process that included an improved invoice audit system. The implementation of a utility expense dashboard provided data for projects that focused on decreased demand and behavior changes.

#### **KEY BUDGET INITIATIVES**

- Grow student participation by 2 percent across both Breakfast and Lunch programs.
- Increase training hours per nutrition employee to meet or exceed the mandated federal increase in required training for FY17.
- Consolidate bell times to more efficiently align with Transportation schedules that will potentially save significant dollars.
- Increase para-transit capacity to more efficiently serve the District's Diverse Learner students while reducing costs by up to \$3 million annually.
- Continuation of the city-wide Safe Passage program through 22 community-based vendors that will hire 1,200 safe passage workers for the 2016-2017 school year.
- Continue our Procurement strategy to consolidate and centralize spending in order to generate an additional \$35m in year-over-year savings.
- Implement Medicaid/CHIP enrollment strategy to increase student participation by 10 percent, thus creating an increase in Medicaid Reimbursement revenue of \$1.6M.
- Assist at least 50 additional schools in achieving Healthy CPS certification (i.e. compliance with Board policies related to health and wellness) by June 2017.
- Conversion pilot of integrated facilities management model to improve facilities services to schools, which will include engineering functions, custodial services, grounds maintenance and energy management.
- Implement a comprehensive safety program to reduce workplace injuries, lost productivity and workman compensation expense.

## The Chief Education Office (CEdO)

### MISSION

The Chief Education Office creates the framework for excellent PK-12 schools to ensure students flourish, teachers thrive, and principals lead a focused and effective continuous improvement agenda. We share accountability with our schools for achieving excellence and an unwavering commitment to fulfilling the vision of success for all students in Chicago Public Schools.

### MAJOR PROGRAMS

The Chief Education Office oversees five (5) offices and directly manages four (4) departments:

- **Office of Network Support (ONS)** manages thirteen K-12 networks of schools, two specialized networks for the Service Leadership Academies (SLA) and the Academy for Urban School Leadership (AUSL) and Principal Quality (PQ).
- **Office of Teaching & Learning (T&L)** provides all stakeholders with educational resources that will result in high-quality curriculum and instruction that engages and empower students. The Office of Early Childhood Education (OECE) is part of T&L and manages school-based childhood preschool programs
- **Office of Diverse Learner Support & Services (ODLSS)** provides high-quality specially-designed instructional supports and services for all diverse learners within their least restrictive environments.
- **Office of Language & Cultural Education (OLCE)** provides a high-quality education to all language learners through collaborative partnerships and professional development.
- **Office of College & Career Success (OCCS)** work with schools, Networks, and communities to ensure that every student at every grade level is provided individualized supports and opportunities to keep them engaged, on-track and accelerating toward success in college, career and life.
- **Department of School Quality Measurement** provide clear, accurate reporting of interpretable results, and to support leadership in schools, networks, and central office by delivering timely and accurate school performance data and analysis.
- **Department of Personalized Learning** provide schools and students with the data, tools, and professional development opportunities needed to adopt personalized learning.
- **Department of Education Policy & Procedures** communicate and facilitate the strategic implementation of Board policies and procedures to ensure equity and fair standards for all CPS students to drive student achievement
- **Department of Access & Enrollment** is responsible for ensuring that all students in District-run school are efficiently enrolled through an equitable process, and for running a centralized testing and enrollment process for all non-charter elementary and high demand high school programs, including magnet, military, IB, Selective Enrollment and CTE.

## OBJECTIVES

- Provide school a clear framework for a common vision for excellent schools, including expectations for student learning and high quality instruction
- Minimizing the achievement gap by supporting high quality curricular options, differentiated instruction, and increased supports to targeted student populations.
- Increasing academic expectations by providing challenging opportunities to deepen student learning. Orient the daily work of academic departments to achieve excellent schools and create conditions for success for schools through supportive policies and procedures; and foundational systems, structures, and tools; building capacity to execute the work; and equitable alignment of resources.
- Ensure all academic departments are reciprocally accountable for the success of schools and are a value added resource to schools, students, and their families.
- Promote the use data to drive decision making at the classroom, school, and central level to drive continuous improvement.
- Promote coherent, streamlined, high quality, and timely communication to schools to enable schools to maintain focus on the instructional priorities.
- Enact a district-wide structure and culture focused on supporting schools and proactive management to identify and remove systemic barriers to success through smart, cross-organizational collaboration.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	0	0	1,118,897	912,984	1,438,277
Other Grants	0	0	9,335	9,335	0
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>1,128,232</b>	<b>922,319</b>	<b>1,438,277</b>

\*2017 proposed budget only includes the Chief Education Office, not the individual departments and offices it oversees. See all academic units and citywide school units for additional figures managed by the Chief Education Office.

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	0	5	9
<b>Total Department</b>	<b>0</b>	<b>5</b>	<b>9</b>

\*As part of the mid-year reorganization, four employees from other departments were transferred to the Chief Education Office.

## MAJOR ACCOMPLISHMENTS

**CPS School Excellence and Continuous Improvement:** Significantly revised the School Effectiveness Framework , including changing name to School Excellence Framework (SEF), for the purpose of increasing focus, coherence, and clarity, including aligning school practices with principal and teacher standards. Significantly revised the school Continuous Improvement Work Plan (CIWP) migrating to a streamlined and extremely adaptable on-line strategic planning tool. In addition, improved the facilitation of the problem solving process within the SEF, Goal Setting and Action Plan pages of the CIWP.

**School-specific Supports:** Increased support and involvement with Montessori schools by visiting each school and listening to concerns of administrators, teachers, students, and parents. Developed Montessori action plan, which included:

- Contracting a Montessori consultant to create consistent practices across the district and formalize tools for all Montessori schools.
- Sending all Montessori school principals to Montessori summer training (summer 2016).
- Supported Sullivan High School in the XQ Grant application process by reviewing each phase of the application process and assisting in the creation of the application artifacts
- Supported the city's first new comprehensive construction trade program at Dunbar High School
- Support underperforming school with infusion of personalized learning
- Visited over sixty (60) elementary & high schools

### Development of the High School Strategy

- Strategic plan focused on promoting equity and excellence of CPS' high schools in order to create a high quality high school within three miles of every student's home.
- Plan includes asset map of types and programs of schools by neighborhood in order to analyze equity in options across the district.
- Plan outlines proposed programmatic expansions and specific school supports to improve high schools.
- Introduces possible options for improving the high school application process by SY18.
- Supported a ground breaking initiative, Computer Science for All, to expand Computer Science (CS) K-12. The District adopted a policy to make CS a graduation requirement for the freshman class of 2016-17, ensuring that we prepare students for the jobs of the 21<sup>st</sup> Century.
- Included recommendations from the High School Working Group, which was comprised of over 50 stakeholders from across the city.

### Central Office Coherence and Accountability

- Developed Performance Management System, Tool, and Protocol for academic offices to facilitate clear and aligned goal setting, data analysis in decision-making, and consistent progress monitoring.
- Establish evaluation requirement to ensure all academic office employees are evaluated and given feedback on progress towards goals.

- Refined the procedure for policy proposals in order to have a consistent means of developing policies and standard protocol for vetting them.

#### **Advisory Councils:**

- Utilization of the *CEO/CEdO Principal Advisory Council* to vet district plans and projects.
- Engagement of the *CPS Student Advisory Council*, which created recommendations to improve teaching and learning for students in the district and developed a handbook as a district guide for authentic student engagement.
- Formation of the *CPS Teacher Advisory Council* to build avenues for teacher input and feedback on district initiatives and decisions.

#### **KEY BUDGET INITIATIVES (FY17)**

- Lead the engagement and development of a comprehensive, research-based, district-wide Vision and strategic plan that will launch Chicago Public Schools to even higher levels of student achievement. The Vision will focus on three main priority areas: promoting academic quality, building stakeholder trust and integrity, and achieving fiscal stability. The creation of the Vision will include all stakeholder groups- parents, teachers, students, principals, community groups, elected officials, etc. The Vision will provide a common framework and goals for which to guide the work across the District.
- Support course and program expansion and success in order to provide more students with access to and support in earning attainment in Early College and Career Credentials. This includes strategic development and support of: IB Programmes, STEM programs, AP courses, Dual Credit and Dual Enrollment courses, JROTC, and CTE offerings. Specific to CTE offerings:
  - Continue to support and increase the number of high schools implementing the new Computer Science (CS) graduation requirement, expand elementary schools as part of Cohort 4, release the K-12 CS curricular framework and updated CS Education Plan, enhance CS teacher supports utilizing master teachers, instructional coaches and graduate-level CS teaching assistants, and CS teacher credentialing program through postsecondary partnerships
  - Continue to support investment in STEM programs and professional development
  - Support the “Chicago Builds,” a citywide CTE program focused on the trades - Electricity, Advanced Carpentry, HVAC, Welding, and General Construction. Students will participate in a two-year program geared towards exposing them to various trades, preparing them for apprenticeship opportunities, and engaging in certification and work-based learning opportunities.

## Office of College and Career Success

### MISSION

The Office of College and Career Success (OCCS) works with schools, Networks, and communities to ensure that every student at every grade level is provided individualized supports and opportunities to keep them engaged, on-track and accelerating toward success in college, career and life.

### MAJOR PROGRAMS

- **Strategic management, leadership, and alignment for the four major departments within OCCS:**
  - Student Support and Engagement
  - Social and Emotional Learning
  - School Counseling and Postsecondary Advising
  - Early College and Career Education
- **Chicago Higher Education Compact:** Cultivate city- and state-wide task force of college partners to establish goals and drive supports for CPS students' college access, persistence, and success. Create a K-12 to Higher Education learning community where best practices, student data, and ambitious action is used to drive post-secondary success for CPS students.
- **High School Strategy:** Develop recommendations and implementation plan to support student transitions into high school and postsecondary opportunities; develop portfolio investment plan to ensure every student has a specialized academic program within three miles.
- **High School Best Practice Toolkits:** Build a Postsecondary Leadership Team (PLT) Toolkit including protocols, interventions, research, and tools to support the expansion of PLTs citywide and facilitate strong implementation.
- **External and Internal Stakeholder Engagement:** Partner with Office of Family and Community Engagement, Office of Public and External Affairs, Office of Communications, nonprofit and community partners, postsecondary institutions, workforce agencies, companies, and funders to ensure collaboration around all College and Career Success objectives (e.g., developing and sharing a series of Parent University workshops focused on OCCS-related student supports, participation in Thrive Chicago collective impact initiative). In addition, build a strong feedback loop with principals and Network Chiefs to gather input regarding how College and Career Success strategies and priorities can best support student achievement.
- **Annual Chicago School Fair:** Partner with Parent Power Chicago and various CPS departments to host the annual Chicago School Fair. This is the only city-wide school fair including elementary and high schools where parents and students can learn about enrollment options.
- **Michigan State University Urban STEM Fellowship:** Manage the partnership between CPS, Michigan State University (MSU), and Wipro Ltd to provide a year-long, paid, graduate-level fellowship in STEM Leadership to fifty district STEM teachers each year. With generous funding from Wipro Ltd, MSU provides a rigorous fellowship focused on STEM pedagogy and instructional leadership for CPS teachers who commit to staying in CPS schools for an additional 4 years.
- **STEM Ecosystem:** Collaborate with partners (museums, foundations, corporation, CBOs) to support STEM learning for Chicago school students. Two major initiatives are Chicago's BEST (Bringing Experts to STEM Teaching) and the Community Schools--Competency-Based Learning program that allows for anywhere, anytime learning tied to classroom skill acquisition.

## BUDGET SUMMARY

	2015 Actual Expenses*	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	2,712,975	607,143	594,181	548,730	444,291
<b>Total Department</b>	<b>2,712,975</b>	<b>607,143</b>	<b>594,181</b>	<b>548,730</b>	<b>444,291</b>

\*In FY15, department included STEM programs now part of Early College and Career department.

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	4	4	3
<b>Total Department</b>	<b>4</b>	<b>4</b>	<b>3</b>

## MAJOR ACCOMPLISHMENTS

- Expanded the Chicago Higher Education Compact to 22 university partners to work toward the collective goal of increasing the college graduation rate of CPS students to 60 percent by 2025. Collectively, the Compact has set over 50 unique actions and goals supporting CPS students on the path to college success.
- Most of the participating Compact universities partnered with CPS on the Summer Transition Strategy for high school students. The Summer Transition Strategy helps drive college enrollment for CPS students. Partnering universities provided CPS with the admissions checklists and materials provided to admitted students. CPS Summer Transition Teams use this information in student/family postsecondary planning discussions. Partnering universities provide regular status updates to CPS on the progress of student enrollment at their university to further guide and target students who are off-track for college enrollment. These enrollment reports are also provided to nonprofit agencies that work with CPS students during the transition to college.
- Continued to match strategic source vendors that provide college access services to the schools who need these supports the most. This matching process is an effort to close the opportunity gap by providing under-served schools support in the form of external partners. While the choice to formalize a partnership remains between the building principal and partner organization, our goal is to facilitate an intentional conversation between the two parties so that schools are more aware of the services available and partners can more efficiently reach out to schools that could benefit the most from their services.
- Established performance management practices and data tools to drive sound planning, implementation with fidelity, outcomes that meet/exceed targets, and continuous improvement.
- Created the Postsecondary Leadership Team (PLT) Toolkit to support the work of PLTs citywide and facilitate strong implementation.
- Partnered with Parent Power Chicago and various CPS departments including Access and Enrollment, Transportation, Family and Community Engagement, Language and Culture, Teaching and Learning, Communications, and Network Support to host the annual Chicago School Fair. 235 elementary and high schools attended the event reaching more than 18,000 students and parents. Career and technical education programs were featured through student demonstrations and CPS counselors volunteered to provide one-to-one counseling sessions.

#### **KEY BUDGET INITIATIVES**

- **College Access and Student Engagement Partners:** Cultivate engagement with OneGoal, iMentor, Strive for College, Becoming A Man (BAM) and Saga Innovations for the purpose of providing additional support to high-need students and schools.
- **High School Strategy:** Continue support for existing student transition programs (e.g., High School and College Fairs) while planning low cost, high impact student transition initiatives (e.g., college remediation coursework in the senior year, workforce pathways for students not going on to college after high school).



## Office of Communications

### MISSION

The Office of Communications promotes the District's vision, mission, activities and priorities, as well as aids schools by promoting their good work and assisting in crisis situations, through a full range of tools, channels and strategies designed to engage key internal and external stakeholders.

### MAJOR PROGRAMS

**Communications Administration:** The Office plans, manages and executes the District's communications to inform the public and all stakeholders about the initiatives and activities of the District. We provide proactive and reactive communications support to all departments, networks, and schools for media, digital and web content, and other internal and external communications.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	1,984,457	1,878,407	1,648,527	1,445,840	1,502,447
<b>Total Department</b>	<b>1,984,457</b>	<b>1,878,407</b>	<b>1,648,527</b>	<b>1,445,840</b>	<b>1,502,447</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	17	14	13
<b>Total Department</b>	<b>17</b>	<b>14</b>	<b>13</b>

- Due to an FY17 reorganization, 1 FTE was transferred from the Professional Learning Office to Communications. This employee assists in internal communications and translation services.
- Due to FY17 reductions, 2 vacant FTE positions were closed

### MAJOR ACCOMPLISHMENTS

- Realigned department around four key areas of focus: Media Relations, Engagement, Digital Outreach and Employee Communications.
- Launched a grassroots advocacy campaign to help the District secure funding from Springfield. The new site, [cps.edu/equality](http://cps.edu/equality) allowed parents, principals, teachers and community members to advocate on behalf of Chicago's children through a phone2action tool, social media and collateral materials.
- Enhanced online tools -- including an upgraded [cps.edu](http://cps.edu), new blog and social media channels and new email newsletter program -- to help parents and the public access key information about major announcements and activities. To date:
  - The new blog has received 63,600 unique, external visits to date
  - CPS' Facebook account has grown to nearly 42,700 followers
  - CPS' Twitter account has grown to nearly 30,900 followers

- CPS launched Twitter accounts for both CEO Claypool and CEdO Jackson
- 4,500 parents and community members have signed up for our new e-newsletter and our open rate is 46 percent, significantly above industry standard.
- CPS.edu/equality received more than 30,600 unique, external visits in three months, with more than 10,500 advocates contacting their elected representatives 28,600 times through emails, calls, and tweets.

#### **KEY BUDGET INITIATIVES**

- Continue to align Communications' resources to best communicate with internal and external stakeholders.

## Office of Diverse Learner Supports and Services

### MISSION

The Office of Diverse Learner Supports and Services (ODLSS) provides high-quality specially designed instructional supports and services for all diverse learners within their least restrictive environments. ODLSS works collaboratively with schools, networks, students, families, and other external stakeholders to prepare students for college and career success. This team provides the tools, guidance, supports, and services necessary to ensure that all diverse learners receive meaningful, rigorous and relevant access to grade-level core instruction within their neighborhood school, school of choice, or the school closest to their residence. CPS is committed to helping all diverse learners succeed, and to narrowing the achievement gap.

### MAJOR PROGRAMS

**Service Delivery:** Diverse Learner Service Delivery works to provide both direct and consultative services to students with disabilities. Citywide itinerant teachers provide direct services to students with visual or hearing disabilities and to students who must receive services either in the home or hospital setting due to a medical or psychiatric condition. Citywide travel trainers and transition specialists deliver secondary-transition supports, services, and opportunities for transition-age students in collaboration with outside agencies, including the Department of Rehabilitation Services. The transition team is responsible for the Illinois State Board of Education (ISBE) Indicator 13 and 14 audits and supports school teams to meet compliance for these two indicators. Assistive technology itinerant staff support students (ages 3-21) who require services or devices as noted in student's Individualized Education Program (IEP) or 504 Plan in the areas of communication or curriculum. Devices are allocated for student usage and mitigate visual, physical and curricular access barriers.

**Instructional Quality:** Special Education Instructional Quality provides services for special education and limited general health requirements, including Multi-Tiered System of Supports (MTSS), medical compliance and direct and indirect mandated IEP/504 services, managing a team of over 1,300 related services providers (RSPs). Services include: nursing, psychology, social work, speech-language pathology, occupational therapy, audiology, physical therapy, and the citywide assessment teams (CATs). The CATs are responsible for completing assessment planning, evaluations, eligibility determinations and IEP development for students who are determined to be eligible for services, as well as for the district's non-attending students in accordance with the Individuals with Disabilities Education Act (IDEA). This includes preschool-age eligible children who are aging into CPS as well as students who are parentally placed in private schools in the City of Chicago or who reside in Chicago or both. The citywide assessment teams also consist of citywide teachers and RSPs who conduct child find activities and developmental screenings. Citywide Early Childhood Special Education itinerant teachers provide direct instruction, as well as support for transition and enrollment of students moving from Early Intervention, community-based Head Start programs into CPS schools.

Instructional Quality also ensures that special education services are provided to all students with Individualized Education Programs and 504 Plans in compliance with state and federal legal mandates. Special Education Administrators, who support instruction, will work with Principals, Case Managers, and Special Education Teachers to determine the appropriate learning environment for each student and to provide instructional guidance and professional development to Case Managers and Learning Behavior Specialists at all district, charter, contract, and non-public schools. School assignment teams identify school locations to meet the educational needs of diverse learners, including those students who cannot have their full needs met within a regular school setting and may require drug treatment

programs, services in a residential program, or services in a private therapeutic school. CPS is also investing in additional instructional support staff for special education professionals within the District.

**Procedures & Standards:** Procedural Safeguards and Parental Supports is responsible for ensuring the Chicago Public Schools' compliance with federal and state laws governing the identification, evaluation, placement, and provision of a free appropriate public education, including procedural safeguards, for students with disabilities. Key responsibilities of the Department include: 1) Representing the Chicago Public Schools in due process hearings and mediations; 2) Coordinating and overseeing the investigation of state complaints; 3) Assisting with the resolution of disputes involving school staff and parents who challenge the identification, evaluation, services, or placement of students with disabilities; 4) Providing technical assistance to parents, school administrators and other school personnel regarding special education laws, procedures and compliance requirements; 5) Supporting meaningful parental participation; and 6) Providing technical assistance to school administration with respect to disciplinary procedures for students with disabilities.

The Procedures & Standards unit will also utilize District Representatives that work with the Network Offices, Principals, and Case Managers to ensure that all IEPs are created on an equitable basis, pursuant to State and Federal laws as well as adhering to ODLSS internal procedures for the District. District Representatives will attend IEP meetings throughout the District and will have the authority to commit resources and services to students with disabilities.

**Resource Management and Accountability:** Resource Management and Accountability provides financial and operational support to schools, Networks, and Central Office departments including allocation of centrally-managed Learning Behavior Specialists and Paraprofessional positions to schools. The unit focuses heavily on data analytics to provide guidance in order to make informed decisions around instruction, resource allocations, and student progress. An increased focus on data analytics will allow the department to focus on schools or networks that require increased instructional support and help to identify programs that are effective and create growth for our students with disabilities.

**Professional Development:** Professional Development is responsible for designing, coordinating, and conducting all ODLSS professional development and follow-up implementation for Central Office, Networks, and Schools as it pertains to ODLSS or Multi-Tiered Systems of Support (MTSS) framework. The Professional Development team will develop clear, data-driven approaches to ODLSS professional development focused on instructional training material and ensure that implementation is effective and supports student growth and development. These professional development trainings will be delivered by the District Representative, Special Education Administrator, and coordinated with other academic offices including Teaching & Learning and Language & Cultural Education.

#### **BUDGET SUMMARY\***

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures</b>	<b>2017 Proposed Budget</b>
General Fund	219,776,419	214,756,013	223,508,152	215,185,474	223,921,218
Other Funds	21,703,224	23,165,400	21,869,510	20,604,171	16,407,925
<b>Total Department</b>	<b>241,479,643</b>	<b>237,921,413</b>	<b>245,377,662</b>	<b>235,789,645</b>	<b>240,329,143</b>
Budgeted at Schools	621,328,188	578,184,454	607,402,907	607,402,907	135,760,997
<b>Grand Total</b>	<b>862,807,831</b>	<b>816,105,867</b>	<b>852,780,569</b>	<b>843,192,552</b>	<b>376,090,140</b>

*\*2017 Budgeted at Schools: Schools received Student Based Budgeting (SBB) and Diverse Learner funding as one combined allocation in FY17. Diverse Learner allocations were determined separately as a dollar amount based on actual FY16 (non-cluster) spend, and were added to SBB funds.*

*For FY17, this meant that an additional \$474,900,626 was provided directly to schools in Diverse Learner funding. An apples-to-apples comparison between the FY16 “Budgeted at Schools” amount to FY17, would be \$578,184,454 (FY16 Approved Budget) to \$610,661,623 (FY17 Proposed Budget + Amount Budgeted Provided Directly to Schools.)*

*See more information in the Schools chapter.*

#### **POSITION SUMMARY**

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Fund	1,419.5	1,403.5	1,430.5
Other Funds	189.5	121.5	130.5
<b>Total Department</b>	<b>1,609</b>	<b>1,525</b>	<b>1,561</b>
School Based	6,780	7,248	1,382
<b>Grand Total</b>	<b>8,389</b>	<b>8,773</b>	<b>2,943</b>

*\*2017 School Based position allocations are for centrally-managed special education programs at district schools, specialty schools, and district-run options schools. See more information in the Schools chapter.*

#### **MAJOR ACCOMPLISHMENTS**

- Developed a consistent process throughout the district with standards, procedures, and policies that ensure a successful Free Appropriate Public Education (FAPE) is available to children with disabilities and that special education and related services are provided in conformity with a written Individualized Education Program (IEP) and in the Least Restrictive Environment (LRE). For additional information about the District’s extensive review of Diverse Learner supports, services and a vision for the department in the future, please see: [Closing the Achievement Gap and Improving Outcomes for Students with Disabilities](#).
- Provided tiered supports to over 30,000 students including tier 1 supports to over 22,000 students. Shifted RSP practice from a traditional model to an integrated comprehensive, preventative model.
- Completed early childhood assessments by utilizing a play-based assessment model and altering roles of citywide assessment team members.
- Created a new Supplemental Services Review appeals process to maximize the use of student and school data to drive analytical decisions on service delivery and staffing levels.
- Provided regular training and coaching supports to the over 350 teachers providing instruction in programs for students who require intensive academic supports.
- Provided 2,500 homebound instruction referrals, served over 1,000 students in various medical and psychiatric institutions, and provided itinerant services to over 650 students with vision impairments.

- Hosted transition events in collaboration with community partners to provide connections for high school students for services and employment opportunities (Department of Motor Vehicles, Department of Human Services, potential employers).

#### **KEY BUDGET INITIATIVES**

**Increasing Diverse Learner Access to High Quality Core Curriculum:** There are three key priorities in this area of Diverse Learners: improving academic outcomes, meeting the needs of every student's IEP with consistency and equity, and scheduling Diverse Learners first. Schools have received general education and special education funds as one combined allocation to build instructional programs that meet the needs of all students and all services required in IEPs.

## Office of Early Childhood Education Services

### MISSION

The Office of Early Childhood Education (“OECE”) is a part of the Office of Teaching and Learning. We are committed to engaging students in high-quality learning experiences that support and respect the unique potential of each individual through best practices and meaningful family and community engagement.

### MAJOR PROGRAMS

#### School-based Early Childhood Preschool Programs

- **Early Childhood Preschool Programs:** Provides high-quality preschool for children ages 3-5 in Chicago Public Schools (CPS) buildings for mostly children living at approximately 200% below the Federal Poverty Level in Full and Half Day Preschool programs. Students are taught by appropriately certified teachers and teacher assistants. Funding and supports come primarily from the Illinois Early Childhood Block Grant.
- **Early Childhood Preschool Program-Head Start:** CPS receives funding from the Chicago Department of Family and Support Services (“DFSS”) to operate the federally funded early childhood program for low income children and their families. Classrooms are both in Full Day and Half Day settings.
- **Early Childhood Program-Child Parent Centers (CPC):** Chicago Public Schools has Child-Parent Centers that provide a full array of child and family support services in over 15 locations across the city, focused in high need community areas.
- **Early Childhood Program-Tuition Based Preschool (TBP):** The TBP model was developed in an effort to provide preschool programs for working families in need of quality early childhood education and care programs. CPS offers tuition based preschool in communities that have at least 17 families that are in need of these services. The costs for these programs are fully covered by the tuition charged to families.

#### COMMUNITY PARTNERSHIP PRESCHOOL PROGRAMS

- **Community Partnership Program-Community Based Preschool for All 3 & 4 yr olds:** In addition to providing preschool programs directly, CPS contracts with over 120 community providers who offer programs throughout the city. Providers are selected through an RFP process. These services are funded by the Illinois Early Childhood Block Grant.
- **Community Partnership Program-Community Based 0-3 Services:** Recognizing the importance of reaching children at birth, CPS contracts with community-based providers to offer center-based prevention initiative services for infants and toddlers. These services are partially funded by the State Early Childhood Block Grant and include developmental screening and monitoring.
- **Community Partnership Program-Prevention Initiative: Home Visiting:** Through community-based providers, CPS reaches nearly 3,000 families with children aged birth to 3. Pregnant and parenting teens in CPS high schools are included in these home-based services. These services are funded by the Illinois Early Childhood Block Grant.
- **Early Childhood Expansion-Social Impact Bond:** Through an intergovernmental agreement with the City of Chicago, CPS is using social impact bonds to expand the early childhood education

program and increase access to over 2,700 students across the City. This advances CPS' goal of providing universal Pre-K for children in poverty in Chicago.

- **Early Childhood-Preschool Expansion Grant:** Through the Illinois State Board of Education, CPS is able to expand and support full day Pre-K programs for 4-year-olds in the highest need communities.
- **Early Childhood-Title II-Teacher Quality:** Funds are used to improve teacher knowledge in core content areas.
- **Early Childhood-Intergovernmental Agreement for the Early Learning Investment Program (IGA):** The Department of Family & Support Services (DFSS) and CPS have an agreement to invest in high quality early childhood education for students most in need through support and expansion of Pre-K programs in the highest need communities. The chart below indicates where the 500 additional full day seats are located throughout the district. It also list the community area and number of new full day seats.

Community Area	Number of FD Seats
Auburn Gresham	20
Austin	60
Douglas	20
East Garfield Park	80
Englewood	120
Grand Boulevard	40
Greater Grand Crossing	20
Lower Westside	20
Near Westside	20
North Lawndale	20
Rogers Park	20
Roseland	40
Woodlawn	20
Total	<b>500</b>

#### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	256,288	430,822	543,281	242,999	353,520
NCLB	1,267,326	1,849,401	1,915,338	1,056,716	162,664
Other Grants	69,351,482	69,507,291	72,898,319	65,673,787	66,386,141
School Generated	189,865	486,097	314,076	159,784	458,062
<b>Total Department</b>	<b>71,064,961</b>	<b>72,273,611</b>	<b>75,671,014</b>	<b>67,133,286</b>	<b>67,360,387</b>
Budgeted at Schools	112,922,218	130,225,472	125,259,896	112,132,582	152,303,219
<b>Grand Total</b>	<b>183,987,179</b>	<b>202,499,083</b>	<b>200,930,910</b>	<b>179,265,868</b>	<b>219,663,606</b>



## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
NCLB	2	2	1
Other Grants	183	122	114
School Generated	1	1	1
<b>Total Department</b>	<b>186</b>	<b>125</b>	<b>116</b>
School Based	1627	1511	1694
<b>Grand Total</b>	<b>1813</b>	<b>1636</b>	<b>1810</b>

## MAJOR ACCOMPLISHMENTS

- **Full Day Program Expansion.** During SY14-15, the Office of Early Childhood offered 102 full day options to families. In the SY15-16 we increased the number of full day classrooms to 239 – a 134 percent increase – across the district. As we work to continue to expand full day throughout high-need community areas, we are now able to provide 292 full day options during SY16-17. This is an additional 53 full day classrooms over last school year, a 22 percent increase.
- **Social Impact Bonds.** Increase of approximately \$1.8M which funded the conversion and expansion of Tonti and Davis into Child Parent Centers. Programs at these schools will receive additional resources and support.
- **Preschool Expansion Grant.** Additional funding of \$7M from ISBE to expand full day preschool opportunities for 4-year-olds. A total of 55 full day preschool classrooms participated in the program. Programs received the following additional supports:
  - **Parent Engagement Supports** - OECE Parent Engagement Specialists and OECE School Community Representatives provide citywide and community resources and referrals to families and support teachers and families to improve the attendance of chronically absent preschool students. In addition, families receive opportunities to participate in onsite parent meetings, home-school connection projects, city-wide resource fairs, events and activities.
  - **Social Emotional Development Supports** - OECE Social Emotional Specialists and community agency mental health specialists will provide resources and strategies to support students' social and emotional development through parent meetings and consultations, classroom and individual student observations, and teacher supports.
- **Parent Engagement.** The Department hosted several events to engage parents. Citywide events for the 2015-2016 school year include: What's Cooking with Dad, MALE Empowerment Groups working in collaboration with CPS Parent University, Focus Group Meetings, Daddy Daughter Dance, Community Resource Fairs, and Mommy and Me. In addition, during the 2016-2017 school year the Office of Early Childhood Education's focus is on providing a robust literacy program for families. We will build parent's capacity around improving literacy skills which will assist them in supporting their child's educational development. We will work with network offices to host Literacy events at schools throughout the city.
- **Summer Institute.** In July 2015, the third annual Ready...Set...Teach! Summer Institute served over 1000 preschool through second grade teachers, teacher assistants, and district staff in over 100

sessions focusing on building district teacher leadership and sharing strategies related to oral language development. Total cost was \$97,000, including pay for 60 teacher presenters and space rental.

- **Second Grade Ready Readers.** From March to June 2016, the Office of Early Childhood Education managed an after school Tier III literacy intervention serving 4500 low performing second graders at 252 schools. Approximately \$2.6 million of Title I funds were utilized for supplemental payment for licensed teachers to serve as interventionists after school and to purchase high quality literacy intervention curriculum.

#### **KEY BUDGET INITIATIVES**

- Child Parent Center programs will be funded by the Early Childhood Block Grant, which will enable CPS to re-invest approximately \$10 million in Title I funds back into K-12 programs.
- Blended and Instructional model classrooms will be funded by the Early Childhood Block Grant, which will enable the Office of Diverse Learner Support Services to decrease their budget by approximately \$19.6 million dollars.

## Office of Early College and Career Education

### MISSION

The Office of Early College and Career Education (ECCE) provides access to rigorous, relevant college-level and career-focused courses and facilitates the design and development of high-quality, sustainable Science, Technology, Engineering and Math (STEM) learning environments that accelerate students toward postsecondary success by offering college credit, professional credentials and work-based learning.

### MAJOR PROGRAMS

- **Career and Technical Education (CTE)** programs engage students in advanced, career-focused curriculum, industry certification opportunities and work-based learning to drive increased graduation, college enrollment, and employability rates. Students are prepared for multiple pathways to postsecondary success.
- **Computer Science for All** is a groundbreaking initiative that will continue to expand Computer Science (CS) K-12. The District adopted a policy to make CS a graduation requirement for the Freshman class of 2016-17, ensuring that we prepare students for the jobs of the 21<sup>st</sup> century.
- **Early College** programs focus on providing educational options for students to gain college credits, experiences, and rigor while in high school. This work includes: Early College STEM Schools (ECSS), Dual Credit, Dual Enrollment and CTE Articulation Agreements.
- **STEM Incubation for Elementary Schools:** Implement 3-year incubation and transition roadmap designed to facilitate strong STEM program integration in all 12 STEM Initiative Elementary Schools.
- **Early College STEM Schools:** Support STEM implementation in 6 Early College STEM schools with the goal of increasing the number of students that graduate with Early College Credit, increasing the number of students who graduate college-ready in math & science, and increasing the number of students that graduate with an AS/AAS in IT. Program elements include early college courses, school-wide STEM instruction, work-based learning, STEM enrichment and IT career pathways.
- **Saga Innovations Math Tutoring Program:** Support implementation of the intensive, math tutoring program for 10 high schools. The program provides 1:3 tutoring support to grade 9 & 10 students who are two grade-levels below in math. In SY17, the program will serve approximately 1,600 students in 12 schools.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	1,921,195	3,026,779	2,459,364	1,853,739	2,707,728
NCLB Federal	0	2,921,954	2,677,015	2,478,062	3,902,164
Other Grants	6,419,595	10,786,180	7,990,929	5,719,595	11,931,050
<b>Total Department</b>	<b>8,340,789</b>	<b>16,734,913</b>	<b>13,127,308</b>	<b>10,051,396</b>	<b>18,540,942</b>
Budgeted at Schools	8,259,526	4,071,063	8,131,078	7,508,116	5,022,170

<b>Grand Total</b>	<b>16,600,315</b>	<b>20,805,976</b>	<b>21,258,386</b>	<b>17,559,512</b>	<b>23,563,112</b>
--------------------	-------------------	-------------------	-------------------	-------------------	-------------------

\*Large amounts of grant funds are held centrally to start the fiscal year and subsequently transferred to schools where spending occurs.

\*STEM programs included beginning in FY2016

#### POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Fund	10	10	8
Other Grants	30	26	28
<b>Total Department</b>	<b>40</b>	<b>36</b>	<b>36</b>
School Based	45.9	44.5	45.8
<b>Grand Total</b>	<b>85.9</b>	<b>80.5</b>	<b>81.8</b>

#### MAJOR ACCOMPLISHMENTS

- In February 2016, the Board of Education passed a revised graduation policy that now includes a one-credit Computer Science requirement beginning with the freshman class of 2016-17.
- The office supported 107 schools in implementing Computer Science for All. 57 additional schools will receive CS in School Year 2016-2017, for a total of 164 schools (91 Elementary Schools and 73 High Schools).
- Expanded Early College work to 4-year institutions such as St. Xavier, Loyola, IIT and UIC, while innovating our approach with City Colleges of Chicago (CCC) by expanding to Options Schools, having CCC faculty teach at the high school level and creating Early College options for CTE.
- 60 high schools implemented 150 dual credit courses in SY16, up from 38 schools running 82 courses in SY15. Additionally, there were 2,665 enrollments through the Dual Enrollment program, up from 2,101 in SY15.
- Compared to SY14, students earned over 12% more industry certifications in SY15. CTE students earned over 3,784 certifications, of which over 2,033 are SQRP eligible.
- 16 new CTE programs opened in 12 schools across the city in SY16. For SY17, 13 programs are slated to open in 9 high schools.
- Continued expansion of work-based learning through strategic partnerships, such as Peoples Gas and Labor Unions. We continue to increase the amount of work-based learning placements, with 1,099 job shadows in SY16 and 1,732 internship opportunities in Summer 2015.
- Expanded CTE instructional coaching support model to reach 200+ teachers, while working intensely with 108 CTE teachers.
- Examined and revised (when needed) technical standards in all 42 pathways to ensure curriculum is relevant and current. Teachers, Program Coordinators and Industry experts informed the process.
- Launched 2<sup>nd</sup> year of K12 STEM Leaders Institute to support and develop administrative leaders of STEM schools.
- Aligned principal development criteria with STEM Standards for Success.

- In summer 2015, 93 students earned college credit from Early College STEM Schools (ECSS) (at a pass rate over 83%).
- In fall 2015, there are 488 enrollments in college coursework from the 5 ECSS (332 dual enrollment from Goode, Corliss, Clark and CVCA and 156 dual credit enrollments at Lake View).

#### **KEY BUDGET INITIATIVES**

- Launch “Chicago Builds”, a citywide CTE program focused on the trades - Electricity, Advanced Carpentry, HVAC, Welding, and General Construction. Students will participate in a two-year program geared towards exposing them to various trades, preparing them for apprenticeship opportunities and engaging in certification and work-based learning opportunities.
- Expand dual credit and dual enrollment programs to reach goal of 7,500 enrollments in SY 2016-2017. In FY17, 20 additional high schools will be approved to offer dual credit, bringing the total number of high schools offering dual credit to 80. Support growth to four-year post-secondary partners including National Louis.
- Continue to support and increase the number of high schools implementing the new Computer Science (CS) graduation requirement; expand the number of elementary schools participating in the program; release the K-12 CS curricular framework and updated CS Education Plan; enhance CS teacher supports utilizing master teachers, instructional coaches and graduate-level CS teaching assistants; and CS teacher credentialing program through postsecondary partnerships.
  - Continue to invest in 5 Early College STEM schools, STEM incubation transition for 11 STEM schools, and incubation for 1 school; ongoing professional development for 500+ teachers; STEM program FTEs; IT upkeep & replacement; academic intervention programs; increasing access and success in college-level courses; work-based learning; and STEM enrichment.
  - STEM Specialists to provide targeted, job-embedded professional development in STEM-focused instructional practices, including: authentic assessments, cooperative learning, technology integration and transdisciplinary planning.
  - Continue STEM Leaders Institute for the ongoing development of school and District leaders to support high-quality STEM learning environments.
  - Launch pilot STEM Certification for STEM Initiative (District-supported) schools; this certification process is a means to measure and improve program quality. The pilot will inform the roll-out and process for STEM certification across the District.

## Executive Office

### MISSION

The Chief Executive Officer is responsible for ensuring that the District's mission of providing a high quality education to every child in every neighborhood is realized, steering innovations that improve academic outcomes, and putting the District's finances on stable footing.

### MAJOR PROGRAMS

**Executive Administration:** Lead the District's administration, including providing world-class education options that prepare all students for success and stabilizing the district's finances.

**Chief of Staff:** Directs the activities of senior leadership across departments to ensure strategic coordination in achieving the CPS mission.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	1,757,790	1,720,710	1,575,642	1,345,525	1,410,037
<b>Total Department</b>	<b>1,757,790</b>	<b>1,720,710</b>	<b>1,575,642</b>	<b>1,345,525</b>	<b>1,410,037</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	9	8	8
<b>Total Department</b>	<b>9</b>	<b>8</b>	<b>8</b>

### KEY BUDGET INITIATIVES

- Position CPS to be more fiscally stable by adopting strategies that eliminate inefficiencies, streamline operations, and reduce non-classroom costs. Continue to promote policies and initiatives that maximize resources for the classroom.
- Provide all students with the opportunities they deserve and with the resources they need to realize their full potential. Treat every student as an individual by tailoring resources to support their unique learning needs.
- Improve academic quality at all schools through investments in school leadership and real-time data to improve classroom instruction.
- Build on the foundation established by recent legislative measures to secure pension reform and education funding reform.
- Foster increased trust in the District through improved transparency and communication with all stakeholders.

## Department of Facilities Operations and Maintenance

### MISSION

The Department of Facilities Operations and Maintenance serves to keep schools safe, warm and dry while providing the best learning climate for students.

### MAJOR PROGRAMS

- **Capital - New Construction and Renovation:** Develops building projects and budgets for consideration in the District's capital plans and ensures standards are implemented and project scopes meet the priorities of the District. Ensure buildings are warm, safe and dry, and create new buildings and annexes to alleviate overcrowding.
- **Engineer Services:** Engineer services are provided to schools to keep critical building infrastructure and mechanical systems operational and to ensure maximum building safety, functionality and long-term durability.
- **Custodial Services:** Custodial services are provided to schools to keep facilities clean and habitable for students and staff. In FY14, Aramark Management Services was hired to manage Board-employed custodians and custodial service vendors. Under Aramark, CPS has transitioned to a new service model, with schools staffed by one custodian during the day and deep cleaning done during non-school hours, resulting in cleaner schools at a lower cost to the district.
- **Waste Removal:** Schools are provided with uninterrupted trash and recycling service including collection, disposal and equipment necessary for collection. Each school has waste and recycling dumpsters appropriate for building size and capacity.
- **Integrated Facilities Management (IFM):** In FY15, CPS initiated a pilot asset management program at 33 schools, in which one vendor - SodexoMagic LLC - provides all asset management services at each school. These services include engineer and custodial work, O&M repair work, various trades, landscaping, pest control, energy management and snow removal. In FY16, CPS began an expansion of the IFM pilot program that brought an additional 54 schools into the program.
- **Real Estate:** The Real Estate department manages the sale of all surplus assets, including the portfolio of closed school buildings from the 2013 school actions. The department also oversees all real estate contracts throughout the District, including leases, school license agreements, telecom agreements, venue rental contracts and intergovernmental agreements with other agencies. Real Estate ensures that CPS property is utilized such that it: (1) generates discretionary income for the district; (2) creates strategic partnerships that benefit CPS; and (3) minimizes leasing costs.
- **Other Contractual Services:** In order to reduce costs and increase the quality of services, the District manages 15 contracts centrally with 5 new contracts added to the District's portfolio of goods and services in FY15. Current contracts include various trades, environmental contractors, emergency restoration contractors, maintenance, repair and operations (MRO) supplies, landscaping, pest control, elevator maintenance and inspections, fire extinguishers, pumps and sprinkler maintenance and service, backflow services, HVAC water treatment and pool chemicals.

## Budget Summary

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	323,544,542	325,820,082	309,344,722	272,569,699	333,502,148
Other Grants	986,462	1,505,455	1,743,134	1,330,196	1,349,455
<b>Total Department</b>	<b>324,531,004</b>	<b>327,325,537</b>	<b>311,087,856</b>	<b>273,899,895</b>	<b>334,851,603</b>
Budgeted at Schools	21,403,923	0	14,639,711	13,121,308	0
<b>Grand Total</b>	<b>345,934,927</b>	<b>327,325,537</b>	<b>325,727,567</b>	<b>287,021,203</b>	<b>334,851,603</b>

\*Expenditures reflect the amount paid as of the time of budget preparation. The significant variance between the FY17 proposed budget and the FY16 expenditures is due to FY16 expenses that will be recorded at a later date.

\*\* All funds within the Facilities budget are budgeted and managed centrally. Throughout the year, as school repair and maintenance needs are identified, funds are transferred to and spent within school units, reflected in the "Budgeted at Schools" total.

## Position Summary

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	1,439	1,430	1,412
<b>Total Department</b>	<b>1,439</b>	<b>1,430</b>	<b>1,412</b>

## MAJOR ACCOMPLISHMENTS

- Expanded the Integrated Facility Management pilot program from 33 schools to 87 schools, combining asset management functions – custodial services, engineer services, repair work landscaping, pest control – in a more efficient service delivery model.
- Developed, implemented and managed CPS's first district-wide water testing initiative to ensure the safety of drinking water in city schools. The testing program was initiated out of an abundance of caution and has allowed the District to identify and address isolated instances of elevated lead levels in drinking water.
- Achieved nearly 91 percent APPA 2 level cleanliness across CPS portfolio.
- Saved approximately \$15 million in FY16 through contracting with Aramark for custodial services. These real savings enabled CPS to keep dollars at schools for instructional purposes.
- Launched Maximo Asset Management, a global comprehensive solution to track the operation and maintenance of CPS assets.
- Implemented energy conservation measures that include updating Building Automation Systems (BAS) to increase optimization and reduce costs.
- Added one new school building and four additions totaling 287,115 square feet that will be added to the District's portfolio in fall 2016. This additional space will relieve overcrowding on the northwest, southwest and southeast sides of the City and allows CPS to terminate leases and to remove dilapidated modular units.
- Re-purposed furniture in new attached annex projects, saving taxpayers nearly \$200,000.



- Continued renovations at Lane Tech High School that are on track to be completed this summer. This two-year, \$56 million project is one of the largest renovation projects in the District, and work is on target to be completed safely, on budget and ahead of original schedule.
- A new arts-focused program is on schedule to open this fall at the renovated Dyett High School. Also, new CTE program spaces at Dunbar and Amundsen high schools are on schedule to be completed this summer. A new selective enrollment program at Hancock was started in fall 2015 after a major renovation of the existing convent building.
- The Mayor's window air conditioning initiative continued with 35 additional schools receiving air conditioning in FY16. The remaining schools are expected to be air conditioned in FY17, ahead of the Mayoral and CPS 5-year commitment made in April 2014.
- Managed the successful installation and implementation of security camera systems at 17 schools in close coordination with CPS Safety & Security.

#### **KEY BUDGET INITIATIVES**

- Continue lead testing at schools to ensure the health and safety of CPS students and staff.
- Begin the District-wide testing of all fire detection systems to verify proper functionality.
- Continue to expand the Integrated Facilities Management program to increase the quality and cleanliness of CPS schools while preserving taxpayer dollars to instead be used for instructional purposes across the District.
- Further consolidating the capital management functions of Programming, Planning, Design Management and Construction Management into a single Program Manager entity, which will save an estimated \$4 million annually. The new contract goes into effect in fall 2016.

## Finance

### MISSION

The Finance Office oversees Accounting, Office of Business Diversity (OBD), Treasury, Information and Technology Services, Grants Finance Office, School Support Services, Payroll Services and Office of Management and Budget (OMB). Finance manages CPS' annual and long-term financial budget with the primary objective of ensuring effective performance planning and accountability, financial stability and maximum resource support of educational priorities and student achievement. In FY16, the responsibilities of the Chief Administrative Office split into Finance (reflected below) and Operations.

### MAJOR PROGRAMS

- **Corporate Accounting/Accounts Payable:** supports the administrative and instructional needs of the Chicago Public Schools by utilizing efficient technologies and proven financial systems to implement accurate financial reporting and cost-effective operating processes. Timely processing of grant claims, publishing diplomas and transcript requests, maintaining vendor relationships through processing of invoice payments and communication with vendors, collections of amounts due to the Board, oversight of school-based auxiliary revenue streams and oversight of school-based checking accounts also are within the Accounting program group.
- **Office of Business Diversity:** responsible for the administration and monitoring of the Minority and Women Owned Business Enterprises (M/WBE) program. The M/WBE program helps create and sustain an equitable business environment by promoting M/WBE participation in public contracting and procurement. Chicago Public Schools (CPS) is a leader in this area, and continues to be dedicated to its goals.
- **Treasury:** manages debt, investments and cash flow activities to optimize liquidity, maximize investment earnings and obtain the most efficient financing for capital projects, given the Board's available resources and risk tolerance.
- **Office of Management and Budget:** provides fiscal support for the District by ensuring that the budget is balanced, expenditures remain within budget, budget decisions are based on solid analytical information, and school, district, and public users have access to information that is transparent, easy to understand, and useful. OMB further ensures that the District accesses the full federal and state funding allocations available, that users of these funds meet all reporting and compliance requirements, and that these funds fully support the District's objectives and goals to improve student achievement.
- **Risk Management:** maintains an insurance program to manage the liability exposure of the Board, and any retained losses are managed through a variety of risk transfer strategies including shifting of risk via contracts with vendors. Risk Management began reporting to OMB in FY16.
- **Demographic Analysis and Planning:** Supporting CPS leadership through data-driven demographic analysis aimed at accelerating progress on the District's vision and priority initiatives. Critical work includes analysis of the city's student population and enrollment trends, evaluating the capacity of our schools relative to those long-term trends, developing short and long-term enrollment projections for the District both overall and by school and grade, maintaining the neighborhood school boundary locations and data file, recommending boundary changes, and conducting demographic analysis to support strategic initiatives.
- **Information Technology Services, School Support Center, Payroll Services and Grants Finance Office** moved into the Finance Office in FY16. Information on these departments can be found in separate department narratives for each.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures*	2017 Proposed Budget
Grants Finance Office	24,148,198	28,713,273	33,621,784	25,365,354	29,774,260
Risk Management <sup>1</sup>	6,399,579	6,272,918	8,134,128	7,042,591	8,841,604
Finance <sup>2</sup>	566,389	575,818	6,565,330	2,863,877	6,008,771
Corporate Accounting Total	5,304,181	5,189,748	4,351,993	4,216,265	4,453,238
Budget & Management Office	2,431,833	2,809,080	2,511,771	2,399,887	2,331,614
Payroll Services	2,780,831	2,815,676	2,555,371	2,366,847	2,061,004
School Support Center	3,323,873	1,996,802	3,202,417	2,562,593	1,461,795
Treasury	1,312,566	1,875,400	1,876,823	1,362,718	1,407,966
Demographic Analysis and Planning <sup>3</sup>	0	0	0	0	351,740
Business Diversity	451,884	419,568	382,178	375,472	319,326
Other Grants	331,762	0	152,551	90,729	100,000
<b>Finance (excluding ITS)</b>	<b>47,051,096</b>	<b>50,668,283</b>	<b>63,354,345</b>	<b>48,646,334</b>	<b>57,111,318</b>
Information and Technology Services	57,928,358	75,060,888	77,645,861	51,832,812	78,222,253
<b>Total Department</b>	<b>104,979,454</b>	<b>125,729,171</b>	<b>141,000,207</b>	<b>100,479,146</b>	<b>135,333,571</b>

\*Expenditures reflect the amount paid as of the time of budget preparation. The significant variance between the FY17 proposed budget and the FY16 expenditures is due to FY16 expenses that will be recorded at a later date.

<sup>1</sup>Risk Management increase of \$2.6M due to an increase in insurance premiums and claims.

<sup>2</sup>Finance increase of \$5.4M year over year due to investments in analytical reporting, financial processing, and shared services. Chief Financial Officer unit from FY15 consolidated with Finance unit in FY16 and FY17.

<sup>3</sup>Demographic Analysis and Planning (formerly part of Strategy Management) transferred into Finance in FY17.

## FUND SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	79,417,448	96,597,749	106,014,745	73,979,729	104,851,864
Budgeted at Schools	21,988,468	26,071,388	30,686,817	23,475,387	28,375,424
NCLB Federal	3,232,002	2,950,391	3,670,592	2,933,301	2,006,283
Other Grants	341,536	109,643	628,052	90,729	100,000
<b>Total Department</b>	<b>104,979,454</b>	<b>125,729,171</b>	<b>141,000,207</b>	<b>100,479,146</b>	<b>135,333,571</b>

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
Grants Finance Office	25	17	11
Risk Management	5	1	1
Chief Financial Officer	2	2	2
Corporate Accounting Total	38	25	25
Budget & Management Office	26	22	18
Payroll Services	31	23	23
School Support Center	37	38	37
Treasury	7	5	3
Demographic Analysis and Planning	0	0	3
Business Diversity	4	3	3
<b>Finance (excluding ITS)</b>	<b>175</b>	<b>136</b>	<b>126</b>
Information and Technology Services	161	117	118
<b>Total Department</b>	<b>336</b>	<b>253</b>	<b>244</b>

## MAJOR ACCOMPLISHMENTS

### Corporate Accounting/Accounts Payable:

- Moved to commitment-based grant claims reducing delay of reimbursement cash flows.
- Implemented new accounting standards related to unfunded pension liabilities.
- Developed quarterly reconciliation processes for grants and fixed assets to make year-end closing more efficient.
- Created process flows identifying opportunities for future efficiency gains.

### Risk Management:

- Participated with Talent Office in Request for Proposal (RFP) process, which resulted in a reduction in CPS' Third Party Claims Administrators (TPA's) from two down to one.
- As part of the RFP process, also outsourced administration of property insurance claims, which RM is no longer staffed to handle in house.

### Office of Business Diversity:

- Successful Implementation of B2Gnow - MWBE Compliance Monitoring System.
- Based on the Disparity Study results, CPS' 5-year MWBE participation goals for Construction and Goods and Services contracts will be analyzed and updated.
- CPS sponsored Outreach Events in partnership with sister and assist agencies, contractors and community organizations will be implemented throughout the year.
- Overhaul Office of Business Diversity website.

### Treasury:

- Sold \$875M in long-term bonds through the Series 2016AB, despite market volatility and concerns over state funding and support for CPS.
- Executed \$1.1B in FY16 lines of credit to cover cash flow needs.
- Deepened cash flow forecasting to improve accuracy and forecasting methodology.
- To improve interest earnings converted liquid operating funds from bank deposits to money market funds, keeping in line with rising interest rates and deepened commercial paper credit analysis to expand approved credits, diversify credit portfolio and increase interest income.
- Instituted positive pay for consolidated banking accounts to strengthen fraud controls over school banking accounts.

**Office of Management and Budget:**

- Successfully worked with schools and departments to implement \$173 million in recurring budget savings initiatives in FY16.
- Balanced the \$1.1 billion FY17 budget deficit without cuts to SBB rates.
- Provided extensive supports to schools during the shortened budget window, allowing all schools to successfully balance their budgets on-time.

**KEY BUDGET INITIATIVES****Corporate Accounting/Accounts Payable:**

- Increase Medicaid reimbursements through better capture and reporting of costs.
- Implement new technology making vendor invoice processing more efficient.
- Digitize year-end files to improve efficiency in record keeping.

**Risk Management:**

- Examine the risks associated with the operation of the Chicago Public Schools, recommending solutions to prevent additional liability exposure to the Board.
- RM ensures that risks with potentially significant fiscal impact are identified and effectively mitigated; oversees manages the general, auto, property liability and extracurricular activity claims programs.

**Office of Business Diversity:**

- In partnership with the Procurement Department continue to identify areas to maximize MWBE participation and spend on contracts.

**Treasury:**

- Execute FY17 line of credit to cover cash flow needs.
- Sell long-term bond issuance to cover capital projects through the creation of a new credit structure secured by capital improvement tax revenues.
- Implement banking solutions to increase CPS' online payment options and reduce accounts receivable administration.

**Office of Management and Budget:**

- Continue expansion of Hyperion, moving to automate production of the Consolidated Annual Financial Reports and other financial reporting.
- Support the replacement of the District's obsolete and resource intensive Position Control system. Payback for this investment is expected to be achieved within two years.

## Grants Finance Office

### MISSION

The mission of the Grants Finance Office is to ensure strategic utilization of all awarded grant funds, aligning them with District priorities to increase student achievement.

### MAJOR PROGRAMS

- **Grant Development and Implementation Support:** Manage the development and on-time submission of categorical grant applications and amendments; monitor and support the implementation of all grant initiatives; and work collaboratively with leaders of CPS departments to ensure outcomes and results aligned to District and grant objectives.
- **Grant Operations:** Support schools and user departments to maximize use of grant dollars while ensuring compliance with grant regulations, coordinate tests performed as part of the District's A-133 audits, facilitate state and federal monitoring visits, and other funding agency requirements.
- **Non-Public School Programs:** Ensure timeliness, efficiency and efficacy of District-administered programs to meet ESEA requirements for equitable distribution of federal resources such as Title funds and IDEA to private/non-public schools and students.
- **Charter School Grant Operations:** Manage systems and structures necessary to support charter, contract and ALOP schools' allowable use of federal and state categorical funds as part of grant oversight for the district.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
NCLB Federal	2,149,956	2,532,242	2,459,466	1,889,966	1,398,836
Other Grants <sup>1</sup>	9,774	109,643	475,501	0	0
<b>Total Department</b>	<b>2,159,731</b>	<b>2,641,885</b>	<b>2,934,967</b>	<b>1,889,966</b>	<b>1,398,836</b>
Budgeted at Schools <sup>2</sup>	21,988,468	26,071,388	30,686,817	23,475,387	28,375,424
<b>Grand Total</b>	<b>24,148,198</b>	<b>28,713,273</b>	<b>33,621,784</b>	<b>25,365,354</b>	<b>29,774,260</b>

<sup>1</sup> Due to the FY 16 midyear Central Office streamlining efforts, these funds (which include Title 1 School Improvement and Accountability, and Race to the Top grants) were reallocated to other departments within the district: Title I and School Improvement Office, and Teaching and Learning respectively.

<sup>2</sup> This funding fulfills federal requirements for proportionate share to non-public schools.

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
NCLB Federal	24	17	11
Other Grants	1	0	0
<b>Total Department</b>	<b>25</b>	<b>17</b>	<b>11</b>
School Based	0	0	0
<b>Grand Total</b>	<b>25</b>	<b>17</b>	<b>11</b>

## MAJOR ACCOMPLISHMENTS

- Developed and submitted more than 65 formula grant applications for federal and state funds to support district priorities, with more than \$640M awarded to CPS in FY 16.
- Obtained ISBE approval and allocated an additional \$41M in federal Title I and Title II funds to schools to mitigate the impact of FY 16 mid-year SBB reductions.
- Provided Title I services including supplemental instruction and academic counseling to over 12,000 eligible students of non-public, private schools as part of federally-required proportionate share services.
- Supported the allocation of equitable shares in state and federal funds to charter, contract, and alternative schools by reviewing program plans for more than 150 individual campuses and ensuring alignment to grant requirements.

## KEY BUDGET INITIATIVES

- **Maximize allowable flexibilities under grants:** Continue to work with partner organizations, including ISBE, to ensure schools and departments have ample options and opportunity to make use of grant funds to support their priorities.
- **Build on proven training and support practices:** Emphasize up-front support, ongoing monitoring, consistent guidance, and comprehensive training.
- **Launch integrated system for Charter School Grant Operations:** Migrate processes and documents that are currently separate into one uniform system allowing for reduced manual time on task, greater visibility, and enhanced checks and balances related to the use and payment of state and federal funds to Charter Schools.

## Information & Technology Services

### MISSION

The Department of Information & Technology Services (ITS) provides innovative technology solutions that improve the quality of education for our students, reduce the administrative burden on our educators, facilitate parent interaction, increase community engagement, and support the District's mission of transparency by focusing on the ease and equity of access to information.

### MAJOR PROGRAMS

- **Student Records and School Performance:** The IMPACT student records system supports daily school operations, and the data warehouse and "Dashboard" support the maintenance and easy access of performance analytics.
- **Operating and Supporting Systems:** Finance, HR/Payroll, Learning Hub, CPS.EDU, and other supporting ITS functions, such as training and communications.
- **Infrastructure Backbone:** Data center, telephones and the data network, including school wireless networks and internet connections.
- **User Devices:** Computer engineering and support, including the help desk, field service support vendors, software licensing and device acquisitions.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	57,786,266	74,691,226	76,657,256	51,081,890	77,852,591
Lunchroom Fund	2,280	0	300	300	0
NCLB Federal	7,256	292,625	460,625	417,385	292,625
Other Grants	132,555	77,037	527,681	333,237	77,037
<b>Total Department</b>	<b>57,928,358</b>	<b>75,060,888</b>	<b>77,645,861</b>	<b>51,832,812</b>	<b>78,222,253</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	161	117	118
<b>Total Department</b>	<b>161</b>	<b>117</b>	<b>118</b>

\*Transferred in one Demographic Analysis and Planning position from Strategy Management in FY17



## MAJOR ACCOMPLISHMENTS

### Productivity Enhancements

- Hosted two professional development events for school-based staff: Tech Talk and GooglePalooza. TechTalk had 1,100 registrants and 60 instructional sessions over 1 day; Googlepalooza had 2,600 registrants and almost 200 instructional sessions over 2 days. Sessions covered best practices for integrating technology into the classroom.
- Upgraded the District's Student Analytics Dashboard, providing principals, assistant principals, counselors and Central Office staff with interactive data and the ability to create custom program cohorts.
- Implemented a new Help Desk Management system with self-service capabilities to track incidents and support requests, lower time to resolution and improve the user experience for employees.

### Infrastructure Improvements

- Migrated broadband circuits to a new service at 262 schools to provide the ability to scale bandwidth as needed.
- Completed LAN system improvements at 41 schools, providing upgraded wireless infrastructure to support personalized learning and 1:1 computing initiatives.
- Provided load-balancing infrastructure to improve resiliency of our Internet connection and enterprise applications.

### Community Engagement

- Collaborated with school leaders in support of community outreach efforts to increase participation in the Parent Portal resulting in a 10% district wide increase in Parent Portal subscriptions, with over 48,000 new parent accounts created.
- Launched a mobile-friendly school locator application on the District's primary website ([cps.edu/map](https://cps.edu/map)) and open sourced the code so that other districts can build their own locator.
- Launched an email marketing platform called Emma to improve engagement and information sharing with parents, employees and community members. There are over 29,000 contacts who currently receive newsletters, and the number continues to grow.
- Built an online Principal Evaluation system for Local School Councils to track principal ratings centrally across the District.

### Savings Initiatives

- Implemented Central Office Managed Print Services saving the District \$649,000 in actual printing expenditures in FY16.
- Disconnected 400 backup T1 circuits to save the District over \$525,000 per year due to changes in E-Rate eligibility rules.
- Transitioned to a managed services provider for the primary IT Help Desk, improving quality and affecting a savings of \$350,000 annually.
- Implemented a locally developed Google Sign-on page that allowed the District to eliminate \$50,000 in vendor costs.
- Achieved \$41,305 in savings for 10 schools by migrating web hosting from an existing vendor to a cloud-based, lower cost alternative.

**KEY BUDGET INITIATIVES**

- Commence two year project to replace modular Student Information System (IMPACT), providing teaching staff with a single tool for the management of critical school based processes.
- Continue E-Rate LAN system improvement program; this initiative will ensure that every elementary school will have a minimum Internet bandwidth of 100mb and each high school 1GB, further enabling online learning and moving the district towards its goal of supporting one to one device connectivity at every school

## Office of Innovation and Incubation

### MISSION

As the designee for The Chicago Board of Education (BOE), the Office of Innovation and Incubation (I&I) manages a portfolio of approximately 125 charter schools, 11 contract schools, 12 Alternative Learning Opportunity Programs (ALOP) and 2 Safe Schools that educate well over 60,000 students. The office provides direct support to a diverse set of schools – Traditional and Options – for youth with varied needs that include, but are not limited to, students seeking alternatives to the neighborhood school, re-enrolled dropouts and young adults who are currently in school but significantly off-track for graduation, students who have been expelled or are in need of alternative placement for behavioral reasons. The Options Schools include ALOP programs and Safe Schools, but also certain charter and contract schools.

### MAJOR PROGRAMS

Below are the intra-office areas of focus that will allow the office to operate most efficiently and provide the highest level of customer service to our stakeholders. The responsibilities for each work function are also highlighted.

- **Authorization and Renewal of Schools.** This area of focus ensures that there is a rigorous process that leads to effective decision making for the opening of new schools and renewal of existing schools. To accomplish this, members of the team focus on the design, development and readiness of all new, innovative school models and programs. This work includes ensuring that the district adheres to any and all provisions of the Illinois State Board of Education (ISBE) and the Illinois School Code regarding charter, contract, and alternative learning opportunities programs. This team is responsible for engaging with key internal and external stakeholders (parents, community and faith-based organizations, new school operators, business leaders, education advocacy groups, high performing authorizers, etc.) to develop, manage, and execute Chicago Public Schools new and existing school development processes, which will be consistent, transparent and aligned to best authorizing practices.
- **School Academic, Operational, and Fiscal Oversight & Accountability.** This area of focus is dedicated to supervising schools' ability to meet the District's academic, financial and operational expectations, along with compliance-based systems and processes for charter, contract schools and ALOPs. The team ensures that schools adhere to any and all compliance related provisions as defined in the Illinois School Code and contracted in the school's agreement with BOE and will assure the District is compliant with ISBE standards. The team is responsible for ensuring that school performance is both transparent and available to inform data-driven decisions at the district and school level.
- **Training, Support, and Communication of Outcomes.** In respect of school autonomy while holding schools accountable, this area of focus is dedicated to ensure that charter boards, leadership, families, and communities have the necessary information needed to have an impact on the outcomes of the school while making informed decisions. Through training and streamlined communication, stakeholders will have the access to the necessary tools, information and available training to impact change while engaging in the key initiatives and processes.
- **Innovative Models and Best Practices.** As innovative models and best practices are identified across the charter and District educational settings, a greater focus going forward is to ensure that others can learn from the models and practices that create quality learning environments and efficient operations. Not only is there an opportunity to share from charters and national models amongst the charter community, but across the District as well.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	3,633,421	7,442,616	3,476,284	1,732,621	4,618,195
NCLB Federal	745,317	1,040,370	420,253	382,869	0
Other Grants	2,206,723	670,774	1,830,113	971,414	332,011
<b>Total Department</b>	<b>6,585,461</b>	<b>9,153,760</b>	<b>5,726,651</b>	<b>3,086,903</b>	<b>4,950,206</b>
Budgeted at Schools	3,188,195	0	3,401,170	3,350,689	252,000
<b>Grand Total</b>	<b>9,773,656</b>	<b>9,153,760</b>	<b>9,127,820</b>	<b>6,437,593</b>	<b>5,202,206</b>

- The variance in General Funds between approved FY16 and proposed FY17 is a result of the decrease of school expansion funding based on fewer expanding schools, providing \$1.45 million in savings. This also explains why a significant part of the department budget is transferred to schools/programs where spending occurs.
- The Office of Innovation and Incubation has approximately half as many positions for FY17 as part of the District's efforts to reduce administrative costs.
- Decrease in the Other Grants portion of the budget from FY16 to FY17 due to the Pathways to Accelerated Students Success (PASS) grant ending on 9/30/16.

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	19	10	9
NCLB Federal	9	0	0
Other Grants	5	10	6
<b>Total Department</b>	<b>33</b>	<b>20</b>	<b>15</b>

- The position variance from FY16 to FY17 is due the ending of the PASS grant and the reduction in central office personnel.

## MAJOR ACCOMPLISHMENTS

### Holding Charter and Contract Schools and Programs Accountable

- Charter, contract and options schools and programs have fully transitioned to the School Quality Rating Policy (SQRP), the District's policy for measuring annual school performance. As such, all Chicago Public Schools and programs have one common accountability framework.
- In October 2015, the Chicago Board of Education adopted the Charter Schools Quality Policy serves as a guide to decisions regarding charter schools. This policy provides CPS a mechanism to hold schools accountable that do not meet expectations and focus on making high quality options available where needed through specific criteria for expansion and replication.

- In FY15, I&I placed six charter school campuses on the Academic Warning list. Each school was required to submit a remediation plan and track progress against that plan. After evaluation during FY16, three campuses successfully met expectations and implemented their remediation plan. Three schools failed to successfully implement their remediation plan which resulted in the revocation of their charter school agreement. These three schools will not operate as CPS charter schools beyond June 30, 2016. Six additional charter schools were placed on the Academic Warning List during FY16. One of the six chose to close effective June 30, 2016. The remaining five are currently undergoing thorough review.
- In FY16, one charter was not renewed for not meeting expectations. In addition, CPS ended the relationship with a contract school and ALOP provider for failing to meet expectations. The charter school will no longer operate as a CPS charter school and the ALOP will close June 30, 2016. The alternative contract school will transition to a district managed school effective June 30, 2016.

### **New Schools**

- In FY16, I&I incubated two new campuses through a rigorous application process approved to open fall 2017 and managed 35 expansions.

### **Providing technical assistance to Option Schools and/or Programs:**

- I&I provided an annual professional development session for schools at the beginning of each school year to share new policies, practices and knowledge. The 3-day professional development covered areas related to assessment, accountability, safety and security, data resources and practices, diverse learners, and other topics critical to successful school operations.

### **KEY BUDGET INITIATIVES**

- **New School Incubation:** While startup and incubation funding has been eliminated, I&I completed the second year of incubation for eight schools and programs that opened in the fall of 2014 and the first year of incubation for the four newly approved schools and programs during FY16.
- **Staffing:** For FY16, I&I announced an office reorganization to absorb recent personnel changes. Moving forward, I&I will have the four areas of focus outlined above to service all students, parents, community members, schools and programs.
- **Amendments to School Agreements:** CPS evaluated 17 applications to modify existing charter and contract school and ALOP contracts. Utilizing the Charter School Quality Policy, these modifications will add approximately 340 high quality seats in SY17 and allow for a network level capacity for high performing networks. In addition, new locations for four existing schools were identified and approved.

## Office of the Inspector General

### MISSION

The Inspector General strives to ensure integrity in the operations of Chicago Public Schools by conducting meaningful, accurate and thorough investigations into allegations of waste, fraud, financial mismanagement and employee misconduct. The OIG also reviews CPS systems, practices and procedures to determine their efficacy in preventing waste, fraud, and financial mismanagement.

### MAJOR PROGRAMS

**Investigations:** Pursuant to state statute and Board Rule, the OIG is mandated to conduct investigations into allegations of waste, fraud and financial mismanagement. All OIG funds are utilized to perform that function.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	1,473,419	2,070,435	2,158,407	1,748,608	2,054,175
<b>Total Department</b>	<b>1,473,419</b>	<b>2,070,435</b>	<b>2,158,407</b>	<b>1,748,608</b>	<b>2,054,175</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	17	18	18
<b>Total Department</b>	<b>17</b>	<b>18</b>	<b>18</b>

### MAJOR ACCOMPLISHMENTS

- Ongoing major investigation into the circumstances surrounding awarding of the SUPES contract resulted in a 23-count indictment of former CEO Barbara Byrd-Bennett, companies SUPES and Synesi, and company owners Gary Solomon and Tom Vranas. Barbara Byrd Bennett has pleaded guilty. Vranas has indicated that he will plead guilty. A trial for Solomon on the fraud charges is pending. CPS is now suing to recover 65 million dollars.
- Identified multiple families who fraudulently enrolled their children at CPS selective-enrollment high schools. Multiple students (final number to be determined) are expected to be banned from selective-enrollment schools.
- Conducted multiple investigations of school personnel misappropriating or mismanaging school funds or property resulting in multiple dismissal charges.
- Completed investigations of vendor contract “stringing” that will result in the debarments of vendors.
- Numerous investigations of violations of the CPS residency policy with termination recommendations.

**KEY BUDGET INITIATIVES**

- The OIG will continue to perform its mandated function to ensure that CPS employs honest employees, receives contracted deliverables from vendors, and manages its programs with limited risk of fraud.

## Office of Internal Audit and Compliance

### MISSION

Office of Internal Audit and Compliance (“IAC”) is an independent and objective assurance and management advisory function designed to:

- Assess organizational risk through periodic enterprise risk assessment with the goals of both defining a risk-based internal audit plan and informing enterprise risk management strategies.
- Evaluate the effectiveness of the internal controls and business processes designed to help management achieve operational, financial, compliance, and strategic objectives.
- Assess compliance to applicable laws, regulations, ordinances, Board rules, ethics policies, contracts, grants, and administrative policies and procedures.
- Complete projects to assist management in improving organizational efficiency and effectiveness, and to minimize organizational risk, including the integration of leading practices and innovative business strategies.

IAC work is performed in accordance with applicable standards such as American Institute of Certified Public Accountants, Institute of Internal Auditors, and the Government Accounting Office.

### MAJOR PROGRAMS

- **Internal Audits:** Perform internal audits, reviews and activities designed to assess the adequacy of the internal control environment, efficient utilization of resources, safeguarding of assets, and production of accurate, reliable, and timely data. Includes providing management with effective recommendations designed to remediate exceptions, improve processes, and eliminate, mitigate, or transfer risk.
- **School Audits:** Perform audits of school-based financial and accounting processes to determine compliance with applicable Board rules, administrative policies and procedures, and codes of conduct.
- **Management Advisory:** Perform management advisory projects across an array of business processes and departments with the objective of identifying opportunities, mitigating risk, and/or improving effectiveness and efficiency.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	878,543	1,183,628	4,112,850	3,263,389	4,434,383
<b>Total Department</b>	<b>878,543</b>	<b>1,183,628</b>	<b>4,112,850</b>	<b>3,263,389</b>	<b>4,434,383</b>



## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	8	17	18
<b>Total Department</b>	<b>8</b>	<b>17</b>	<b>18</b>

*\* Through the mid-year reorganization, several compliance functions from various departments were consolidated into IAC to promote a more integrated and holistic view of organizational compliance risk, enterprise risk and internal audit.*

## MAJOR ACCOMPLISHMENTS

- Expanded the scope of school audits to include a broader range of processes and wider time range to ensure greater internal control. Conducted 170 school audits, which is a 20 percent increase over FY16.
- Performed comprehensive reviews of both school-based financial systems and supplemental payment systems providing management with recommendations to increase internal controls, oversight, and transparency.
- Assisted management in assessing and designing the expansion of School Support Services to help centralize financial and accounting functions performed at schools to decrease operational costs and improve the effectiveness of impacted processes.
- Led efforts to reduce cost associated with food expenditures, travel, and non-required training which lead to a nearly \$1 million reduction in year-over-year spend.

## KEY BUDGET INITIATIVES

- Combine school-based audit objectives into a single yet comprehensive school audit program to reduce the number of school visits and time allocated by school and department staff to respond to audit and compliance inquiries.
- Expand the school-based audit scope to include finance/accounting, fixed assets, English language, grants, and other administrative areas to better gauge the overall strength of internal controls and governance.
- Create a robust “desk audit” process, utilizing exception reporting and data analytics, to test and evaluate larger transaction populations and increase audit coverage across CPS at a lower operational cost.

## Office of Language & Cultural Education

### MISSION

The Office of Language & Cultural Education (“OLCE”) seeks to provide a high-quality education to all language learners through collaborative partnerships and professional development. Language education, which includes developing the native-language and English-language proficiency of English Learners (ELs), is critical to learning and success in college, career and life. The department supports students, teachers and parents by:

- Establishing language policies and standards-based models of instruction;
- Building the capacity of general education and bilingual/ESL teachers through strategic partnerships;
- Monitoring programs, teacher certification and overall compliance with state and federal laws;
- Empowering parents to be active participants in advancing bilingual and biliteracy skills.

### MAJOR PROGRAMS

- **English Learner (EL) Programs** provide English language instruction and supports to 73,000 CPS students whose primary language is one other than English. Major programs include:
  - **Transitional Bilingual Education (“TBE”)**: ELs participating in TBE programs receive Language Arts instruction in the home language and study English as a Second Language (ESL) to develop English Language proficiency. Core subjects are provided in English as well as the native language, and students receive instruction in the history and culture of the U.S. and the native land of the ELs (or their parents).
  - **Transitional Program of Instruction (“TPI”)**: ELs participating in TPI programs receive ESL instruction, core subjects in English, and instruction in the history and culture of the U.S. as well as the native land of the ELs (or their parents).
- **Dual Language Programs** offer core instruction in both English and Spanish with the goal of developing proficiency in both languages. Programs begin at the preschool and kindergarten levels and provide a route for students to earn the State Seal of Biliteracy upon graduation.
  - The **State Seal of Biliteracy** is a recognition given to high school seniors who have studied and can exhibit the ability to communicate in two or more languages (including English) by the spring of their senior year.
- **World Language Programs** provide exposure to foreign languages, developing the listening, speaking, reading and writing skills in the target languages. CPS currently offers 13 world language programs in 351 schools serving 108,000 students.
  - **Critical Language Initiative (CLI)** is a component of CPS’s World Language programs which emphasizes instruction in languages that are considered critical to U.S. national security interests. Focus languages include, but are not limited to, Arabic, Chinese, Hindi, Korean and Russian. OLCE began managing the CLI at the start of the 2015-2016 school year (SY).
- **Parent Involvement & Community Outreach Programs** supports EL parents through training, theme-based workshops, and GED and ESL courses, and ensure parental involvement in school-based Bilingual Advisory Councils and the city-wide Chicago Multilingual Council.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	733,569	610,277	634,170	297,500	526,797
Other Grants	232,243	230,154	230,151	220,771	223,202
School Generated *	4,003,449	11,101,068	8,225,552	5,382,243	8,069,484
<b>Total Department</b>	<b>4,969,262</b>	<b>11,941,499</b>	<b>9,089,873</b>	<b>5,900,514</b>	<b>8,819,483</b>
Budgeted at Schools	29,016,888	33,271,947	34,062,069	30,258,076	27,418,577
<b>Grand Total</b>	<b>33,986,149</b>	<b>45,213,446</b>	<b>43,151,942</b>	<b>36,158,590</b>	<b>36,238,060</b>

\* \$1.9 million of the FY17 school generated funds will be redistributed from central office to schools throughout the year to support supplemental after-school tutoring programs and education technology purchases.

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	1.58	1	1
NCLB Federal	2	2	2
Other Grants	29.42	26	27
<b>Total Department</b>	<b>33</b>	<b>29</b>	<b>30</b>
School Based	302.5	282.5	229.75
<b>Grand Total</b>	<b>335.5</b>	<b>311.5</b>	<b>259.75</b>

## MAJOR ACCOMPLISHMENTS

- Launched State Seal of Biliteracy across all Chicago Public Schools in spring 2016.
- Provided summer support programs to English Learners in grades 2-7, refugee students in grades 2-11, and high school credit attainment courses for ELs in grades 9-11.
- Implemented the STARTALK World Language Program, which allowed 60 high school students to participate in intensive Arabic and Chinese language studies at the University of Chicago; 25 students will travel to China for a 5-week language and cultural immersion program.
- Continued building the capacity of 2,200 teachers, counselors and administrators through professional development sessions focusing on collaboration among dual language teachers, effective implementation of EL programs, and the application of Common Core State Standards (CCSS) as well as English and Spanish Language Development Standards (WIDA).

## KEY BUDGET INITIATIVES

- Expand services to ELs by providing school-based allocation of supplemental funds in the form of positions for the TBE and TPI programs.
- Invest in professional development for school administrators, bilingual/ESL and general education teachers.
- Expand instructional resource pool by enabling qualifying teachers to obtain a bilingual or ESL teaching endorsement.
- Provide additional substantive summer school opportunities for ELs and newcomer Refugee students.

## Office of Law

### MISSION

The Law Department provides legal services to the Chicago Board of Education and the departments and divisions of the Chicago Public Schools. Board attorneys represent and counsel clients on litigation, labor and employment, school law, school finance, student discipline, and commercial transactions.

### MAJOR PROGRAMS

- Appeals: Represents the Board and its employees before the Illinois Appellate Court, the Illinois Supreme Court, and the Seventh Circuit Court of Appeals.
- Commercial, Torts, and Workers' Compensation: Represents the Board and its employees in litigation relating to breach of contract, personal injury, workplace injuries, property tax matters, and tuition fraud.
- Employment Civil Rights: Represents the Board and its agents in litigation, including administrative proceedings, involving allegations of discrimination or a violation of the United States Constitution or a federal statute.
- Investigations: Investigates allegations concerning employee misconduct, falsification of attendance and other records, local school councils, test cheating, and fraudulent enrollment.
- Labor and Employee Discipline: Prosecutes employee discipline matters before administrative agencies, including the Illinois State Board of Education; represents the Board in wage claims filed with the Illinois Department of Labor; and handles unfair labor practice charges and arbitration demands filed by labor organizations.
- Labor Relations, Employee Engagement, Equal Opportunity Investigations and Policy Development, and Compliance: Leads all collective bargaining with eight bargaining units; conducts administrative hearings on disciplinary charges and contractual grievances; investigates and resolves complaints of discrimination and requests for accommodations; and advises employees and administration on policy development and compliance, including inquiries regarding the CPS Ethics Code.
- School Law: Advises staff on student records and privacy, student discipline, student enrollment and transfers, school accountability, local school council issues, legislative review, charter school matters, and educational initiatives.
- Transactions and Contracts: Drafts and negotiates contracts for professional services, equipment leases, educational services, technology, real estate, and other transactions. The unit also provides legal review and counsel in bond issuances, inter-government agreements, and compliance with Board rules, policies, and procurement laws.

### BUDGET SUMMARY

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures</b>	<b>2017 Proposed Budget</b>
General Fund	9,972,707	14,529,864	12,466,718	10,629,645	13,209,443
Other Grants	17,650	11,525	11,872	328	11,543
<b>Total Department</b>	<b>9,990,358</b>	<b>14,541,389</b>	<b>12,478,590</b>	<b>10,629,973</b>	<b>13,220,986</b>

## POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Fund	92	77	78
<b>Total Department</b>	<b>92</b>	<b>77</b>	<b>78</b>

## MAJOR ACCOMPLISHMENTS

- Assisted in revising Board policy for Students in Temporary Living Situations.
- Assisted in revising Guidelines to support transgender students, employees, and other adults.
- Assisted in preparing new Guidelines concerning tuition fraud and tier fraud.
- Preserved over \$16 million in tax revenues through property tax intervention and litigation.
- Recovered in excess of \$2 million in monetary relief and in-kind services through resolution of pending litigation and commercial disputes.
- Obtained Illinois Appellate and Supreme Court reversal of Illinois Education Labor Relations Board's finding that the Board committed an unfair labor practice when the Board designated as ineligible for rehire probationary teachers who were rated unsatisfactory or non-renewed by two different principals.
- Dismissed or received resignations in lieu of dismissal from 89 career service employees, 54 tenured teachers, and 2 contract principals.
- 20 victories in labor cases at hearing, including grievance arbitrations, unfair labor practice charge hearings, and state court litigation.

## KEY BUDGET INITIATIVES

- Reduced headcount for attorneys and non-attorney staff.
- Worked with other departments to improve outcomes in disputes.

## Office of Leadership and Learning

### MISSION

The Office of Leadership and Learning works to empower students, teachers and parents to ensure success in the educational process.

- Students are empowered to have more ownership over their learning,
- Teachers are empowered through support systems, and
- Parents are empowered be active stewards of their child's educational process.

### MAJOR INITIATIVES

- **Network Family and Community Engagement (FACE) Managers:** Nurture strong student support structures by fostering better informed, empowered and engaged parents. FACE Managers work with each Network to conduct parent workshops, implement district attendance and truancy strategies, conduct community needs assessments, and provide targeted outreach.
- **Parent University and Parent Engagement Centers:** Physical locations that provide parents/community with experiences intended to support a new outlook on education and the learning process that will transfer into positive outcomes for our students. Services may include GED classes, technology, and health and wellness classes.
- **Parent Engagement:** Creating an authentic academic atmosphere leveraging digital platforms that support personalized learning and engage parents in a process that mirrors their students' learning experience
- **Faith-Based Initiatives:** A partnership with the faith-based community to provide education advocacy and crisis support services to CPS families. The flagship program, Safe Haven, provides leadership and social-emotional programming in targeted communities. This program is provided to students at no-cost during after-school hours and over the winter, spring and summer breaks.
- **Community Relations:** Facilitate meetings and workshops through Community Action Councils (CACs) that aid the development of community-specific educational plans.
- **Community Engagement:** Conduct community dialogue and focus groups, and build leadership capacity through community conferences to support student outcomes.
- **Back-to-School Campaign:** An aggressive grassroots approach to building awareness, as well as ensure families are prepared,for strong attendance on the first day/week of school.
- **Local School Council (LSC) Relations:** Conduct LSC elections and train/support LSC members in fulfilling their statutory duties, which include principal evaluation, retention and selection, approval and monitoring of school budgets, and monitoring LSC members' compliance with statutory mandates.
- **21st Century Learning:** Resources designed to create and curate virtual curriculum, build capacity in students, educators, and community, and manage processes and systems that support the district's vision around personalized learning. Utilizing digital content to close the generational learning gap and advance the skill sets of stakeholders.
- **CPS Connects:** Virtual and in-person student opportunities to take ownership over their own learning.
- **Personalized Learning Advancing Youth (P.L.A.Y.):** Teachers and students participate in innovative educational practice that support personalized learning.
- **Title I Parent Involvement:** Facilitate parent involvement in Title I schools by working with principals and parents to comply with mandates for programming supported by Title I funds.

**BUDGET SUMMARY**

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures as of 5/30/2014</b>	<b>2017 Proposed Budget</b>
General Budget	8,048,281	5,717,495	5,641,918	5,996,998	5,347,773
NCLB Federal	476,368	1,141,620	1,211,755	1,084,429	1,637,932
Other Grants	342,000	658,000	1,368,000	1,361,800	342,000
<b>Total Department</b>	<b>8,866,649</b>	<b>7,517,115</b>	<b>8,245,710</b>	<b>8,463,339</b>	<b>7,330,539</b>

- The Safe Haven program received a new grant of \$1 million from the City of Chicago, of which \$342,000 was spent in FY15 and \$658,000 is budgeted for FY16. This grant was given in addition to the City's original commitment of \$532,500 for the Safe Haven program in FY15.

**POSITION SUMMARY**

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Budget	33	13	30
NCLB Federal	11	31	14
<b>Total Department</b>	<b>44</b>	<b>44</b>	<b>44</b>

- FACE strategically restructured Title 1 Parent Involvement responsibilities, staffing, and LSC Election planning to support cost-saving initiatives across the district for FY16.
  - Moved Title I Parent Involvement supports to FACE Managers who are already working with parents and community members, freeing up LSC Relations staff to focus on LSC supports.
  - Reduced total cost of Back to School, while still maintaining the programming that has proven to be successful in driving attendance in the first week.
  - Found ways to use Title I Parent Involvement funds to support department efforts, freeing up general funds for other priorities.

**MAJOR ACCOMPLISHMENTS**

- Continued support of Safe Haven Program at 110 sites across the city. Provided services such as anti-bullying curriculum to over 4,500 children during summer, winter, and spring intercessions as well as after school.
- Through the CPS Connects initiative, over 66,000 students and 400 schools participated in LearnStorm, providing them free, Common Core aligned, supplemental math programming that could increase their mastery of math skills and "hustle."
- Trained LSC members on roles and responsibilities, conducting effective meetings, school improvement plans, budgeting, principal evaluations, retention, and principal selection.
- Launched a Parent University campus at Corliss High School in Spring 2016.
- Organized and facilitated community meetings and webinars with executive leadership for 20%FOR20% campaign to help the CPS community fight for equal funding from Springfield.

- In 2015, opened an additional 15 parent engagement centers in schools across the city.

**KEY BUDGET INITIATIVES**

- Increase supports and partnerships to aide in the reduction of truancy, and improved attendance and reintegration.
- Increase school and community partnerships leading to enhanced student resources and opportunities.
- Increase communication with parents and community members through additional resources and greater involvement.



## Office of Network Support

### MISSION

Our mission is to leverage strong leadership and high-quality teaching in every classroom so that every child from every community has access to a world-class learning experience and will graduate from high school, prepared for success in college and career.

### MAJOR PROGRAMS

- **Office of Network Support:** The Office of Network Support oversees thirteen K-12 networks of schools, two specialized networks for the Service Leadership Academies and the Academy for Urban School Leadership (AUSL), and the Department of Principal Quality (PQ). Each network is led by a Chief of Schools who is responsible for building effective schools and leaders by managing and coaching principals, creating and carrying out a professional development plan, collecting and assessing data to drive interventions, collaborating on best practices with other networks and enhancing community and parental involvement. The chief is supported by a team that can include a deputy, a data strategist, and several instructional support leaders (curriculum and instructional specialists) for content areas.
  - **Service Leadership Academies:** The Office of Service Leadership Programs oversees 45 Junior Reserve Officers' Training Corps (JROTC) programs, which include six military academy high schools. There are approximately 139 instructors on staff who are retired military veterans and are cost-shared with the Department of Defense. The office serves as a network for the military academies and manages the JROTC program, including program evaluation, strategic planning for growth, measurement, and marketing. The office also runs a wide variety of city-wide sports competitions, summer camps, college field trips, community service and co-curricular events.
  - **Academy for Urban School Leadership:** Network Support manages the relationship with AUSL, a non-profit organization that operates 32 of the District's most challenged schools by providing turnaround services designed to dramatically improve the academic performance of schools in their charge. The District contracts with AUSL to provide turnaround services and to support professional development for teacher residents at AUSL training sites.
  - **Department of Principal Quality:** PQ provides professional development to aspiring principal candidates through the Chicago Leadership Collaborative and enhances leadership skills of current principals, deputies, and chiefs of schools through the Chicago Executive Leadership Academy. PQ also conducts assessments to maintain the rigor of the Principal Eligibility Process and creates candidate slates for critical District roles.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
<b><u>NETWORK SUPPORT</u></b>					
General Fund	2,011,045	2,228,547	1,642,888	1,474,676	1,635,413
Other Grants <sup>1</sup>	0	0	124,148	45,567	21,530
<b>Total Department</b>	<b>2,011,045</b>	<b>2,228,547</b>	<b>1,767,036</b>	<b>1,520,242</b>	<b>1,656,943</b>

<sup>1</sup> This line reflects funding for the Chicago Digital Arts Academy – a joint effort between CPS and the Chicago Community Trust. The FY 17 total is expected to increase according to the grant's cycle.

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
<b><u>SERVICE LEADERSHIP ACADEMIES</u></b>					
General Fund	1,568,890	1,758,880	1,563,251	1,428,471	1,702,914
Other Grants	217,052	169,878	703,556	301,181	364,274
<b>Total Department</b>	<b>1,785,942</b>	<b>1,928,758</b>	<b>2,266,807</b>	<b>1,729,653</b>	<b>2,067,188</b>
Budgeted at Schools	15,191,768	14,890,008	14,082,935	13,702,552	14,425,365
<b>Grand Total</b>	<b>16,977,709</b>	<b>16,818,766</b>	<b>16,349,742</b>	<b>15,432,205</b>	<b>16,492,553</b>

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
<b><u>AUSL</u></b>					
General Fund	8,691,632	3,837,322	3,839,311	3,442,565	3,429,019
NCLB Federal	1,043,741	1,083,328	782,774	904,919	809,168
Other Grants	4,992,832	4,026,482	4,001,057	2,088,269	3,590,265
<b>Total Department</b>	<b>14,728,204</b>	<b>8,947,132</b>	<b>8,623,142</b>	<b>6,435,753</b>	<b>7,828,452</b>

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
<b><u>Principal Quality</u></b>					
General Fund	0	8,142,208	6,396,475	6,107,475	1,615,483
NCLB Federal	0	3,593,516	3,347,610	866,337	4,891,730
<b>Total Department</b>	<b>0</b>	<b>11,735,724</b>	<b>9,744,085</b>	<b>6,973,812</b>	<b>6,507,213</b>

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
<b><u>NETWORK SUPPORT</u></b>			
General Fund	15	11	11
Other Grants	0	1	1
<b>Total Department</b>	<b>15</b>	<b>12</b>	<b>12</b>

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
<b><u>SERVICE LEADERSHIP ACADEMIES</u></b>			
General Fund	11	11	11
Other Grants	1	1	1
<b>Total Department</b>	<b>12</b>	<b>12</b>	<b>12</b>
School Based	139	139	139
<b>Grand Total</b>	<b>151</b>	<b>151</b>	<b>151</b>

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
<b><u>AUSL</u></b>			
General Fund	4	4	4
NCLB Federal	22	21	20
Other Grants	7	6	6
<b>Total Department</b>	<b>32.8</b>	<b>31.1</b>	<b>30</b>

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
<b><u>Principal Quality</u></b>			
General Fund	128	48	6
Other Grants	0	0	41
<b>Total Department</b>	<b>128</b>	<b>48</b>	<b>47</b>

## MAJOR ACCOMPLISHMENTS

- Principal Quality redesigned the Principal Eligibility process which increased efficiency and a strategic focus on student achievement.
- Principal Quality hosted the district's first Aspiring Assistant Principal Institute in collaboration with internal and external partners.
- Implemented a support structure to strategically guide networks and school leaders in continuous improvement efforts through periodic data reviews, action planning, and monitoring.
- Worked in close partnership with the Office of Teaching and Learning to deliver professional development in the Common Core State Standards in literacy and math and direct support to classroom teachers to improve the quality of instruction.
- Focused on foundational literacy as an instructional priority through a Kindergarten-2<sup>nd</sup> grade literacy program. Monitored the progress of the implementation of a phonemic awareness system and a sight words system at all level 2 and 3 schools.
- Increased support to Instructional Leadership Teams in schools on data analysis, decision making, action planning, and monitoring through professional development and standardized tools.

- Conducted “State of the School” addresses and shared key data via Local School Council Data Dashboards to empower and motivate families and communities to become engaged and share ownership for the success of their school.
- Collaborated with the Office of College and Career Success on the Engage Students Attendance Grant, which called upon Networks to identify schools that would benefit from additional support to improve attendance and reduce truancy through partnerships with community-based organizations, restorative justice training, and additional planning time for teachers and staff.
- Built a collaborative network with the Department of Literacy, the Office of Early Childhood Education and the Office of Language and Cultural Education to design a three-year plan of supports for the full implementation of Balanced Literacy in kindergarten through second grade, and potentially through fifth grade classrooms, District-wide.
- Supported chiefs’ and deputies’ continual professional learning in the area of balanced literacy through school visits to witness best practices in action, followed by thorough debriefing sessions to solidify the learning.
- Created cross-network professional learning sessions led by chiefs and their teams as they shared best practices in the areas of principal leadership, responding to student academic data, and addressing the needs of English Learners.

#### **KEY BUDGET INITIATIVES**

- Launching a reading apprenticeship pilot program in 14 high schools to increase disciplinary literacy and CCSS implementation.
- Creating a K-2 Balanced Literacy Professional Learning Series to increase Chief, principal and teacher capacity in order to increase primary literacy throughout the district.
- Creating a High School Symposia to increase Chief, principal and teacher capacity in CCSS implementation, SAT/PSAT readiness, on-track and B’s or Better strategies, and the Naviance platform in order to improve academic outcomes in high school.
- Maintain the focus on initiatives to improve student attendance and reduce suspensions. This focus has helped lead to CPS’ record attendance rates, and to reduce suspensions by 65 percent since 2013.

## Nutrition Support Services

### MISSION

The Department of Nutrition Support Services (NSS) supports the District's academic community by providing nutritious and appealing meals with superior service to every student on every school day. NSS is the third largest K-12 food service department in the United States, annually serving nearly 70 million meals to 365,000 students through our 685 food campuses.

### MAJOR WORKSTREAMS

- **Breakfast and Lunch Programs:** CPS provides nutritionally balanced, free meals to all students to encourage the consumption of healthy foods. Annually, CPS serves approximately 26 million breakfast and 43 million lunch meals.
- **After-School, Fresh Food and Vegetable Grant, and Seamless Summer Program:**
  - After-School Meals and Snacks: Provide students with healthy, well-balanced meals and snacks to support their extended day while attending after-school and Saturday programs.
  - Summer: Provide schools open for summer breakfast and/or lunch meals.
  - Fresh Food and Vegetable Grant: The Federal Government provides grants for in-classroom tastings of fruits and vegetables during the school day to increase fresh fruit and fresh vegetable consumption and nutrition education exposure in elementary schools.

### BUDGET SUMMARY

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures</b>	<b>2017 Proposed Budget</b>
Lunchroom Fund	119,741,656	141,111,288	143,357,973	82,177,725	128,641,980
NCLB Federal	11,853	0	0	0	0
Other Grants	1,869,790	2,678,966	2,678,966	2,389,935	2,192,412
<b>Total Department</b>	<b>121,623,299</b>	<b>143,790,254</b>	<b>146,036,939</b>	<b>84,567,660</b>	<b>130,834,392</b>
Budgeted at Schools	82,980,848	86,975,817	83,338,096	82,280,545	86,391,269
<b>Grand Total</b>	<b>204,604,147</b>	<b>230,766,071</b>	<b>229,375,036</b>	<b>166,848,204</b>	<b>217,225,661</b>

### POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
Lunchroom Fund	258	263	263
<b>Total Department</b>	<b>258</b>	<b>263</b>	<b>263</b>
School Based	2478	2456	2446
<b>Grand Total</b>	<b>2736</b>	<b>2719</b>	<b>2709</b>

### MAJOR ACCOMPLISHMENTS

- Operated program at profit, allowing a fund balance of \$8 Million while contributing \$12 million in indirect costs to the general fund.
- Expanded Fresh Fruit and Vegetable Program to 96 schools versus 73 schools in FY15.
- Implemented the use of AESOP, an electronic substitute management system, to improve tracking and placement of temporary staff due to leaves of absence or paid time off in school locations. The

addition of this program helped reduce staff absences from an average of 10.2 days per year in FY15 to 6.6 days during FY16.

- Implemented a full service onboarding process for new employees, including food service training prior to being placed within a school. New Employee Orientation is a 3-day training covering topics which include food handling, point of sale training, customer service, marketing and merchandising, etc.
- Implemented Nutrition Support Services Academy as an ongoing training and development program to support the professional development of Nutrition staff. This program offers help in the succession planning process for employees looking to grow within the Nutrition department. It consists of a 5-week training program with varying levels of expertise. Employees who successfully complete NSS Academy are certified as dining manager ready.
- Implemented new Federal minimum annual training standard for all Nutrition Employees.
- Implemented the use of a compostable food tray at all schools, ending use of polystyrene in cafeteria service.
- Increased student feedback opportunities by hosting an annual student viewpoint survey, hosting 12 student feedback forums across the district including education on the Federal Program, food taste tests, tours of kitchens, and lessons on “where does our food come from.”
- Held monthly farmer visits across the district to introduce fresh produce and nutrition education to all students.
- Introduction of Fresh Attitudes Week in conjunction with the Urban School Food Alliance, France and Italy.
- Updated NSS webpage to include ability for parents to have access to electronic individual school menus and carbohydrate counts.
- Federal Document retention project was completed with support from the legal department.
- Initiated contracts for equipment repairs, preventive maintenance, and hood cleaning to ensure all equipment has been cleaned and inspected according to necessity.
- Replaced 250 pieces of kitchen equipment to improve kitchen operations and efficiencies.

#### **KEY BUDGET INITIATIVES**

- Grow student participation by 2 percent across both Breakfast and Lunch programs.
- Roll out back of house operational modules for Point of Sale System, which includes inventory controls, ordering, production records, and Hazard Analysis and Critical Control Point documentation following a successful pilot of system.
- Pilot electronic forms for all federally mandated program reviews.
- Increase training hours per employee to meet or exceed the mandated increase in required training for FY17.
- Develop and roll out a supported Printing solution and PC support for cafeterias.

# Payroll Services

## MISSION

The Office of Payroll Services manages the payroll processing for all Chicago Public School employees, in compliance with Board of Education rules, government policies and laws.

## MAJOR PROGRAMS

- **Compliance:** The Compliance team manages all voluntary and non-voluntary payroll deductions, administers manual checks and debit cards, and ensures proper withholding and remittance of various employer/employee payroll taxes. The team also manages and audits contributions to pension funds, and oversees garnishment processing and W-2 processing.
- **Payroll Systems Administration Group (PSAG):** The PSAG team processes payroll for the entire District. This includes regular earnings as well as supplemental pay (summer school, sports programs, retro payments, extended day programming, and camps). PSAG is responsible for all leave accrual processing including granting benefit days and paying out spring/winter vacation for teachers. In addition, PSAG has defined responsibilities to Kronos including maintenance, upgrade testing, scheduling updates, etc. Testing arm for Pension, Leave Accrual, Kronos, Union Changes, Benefit Deduction changes and anything that directly impacts the payroll system as a whole is also managed by this team.
- **Timekeeper Central (TKC):** The Timekeeper Central team serves as Payroll Administrators to Central Office departments. The team manages KRONOS self-service and conducts in person and online training for managers and employees. They maintain KRONOS manager groups and KRONOS self-service security by updating on an as needed basis as a result of new hires, rehires, transfers, promotions and terminations. TKC is also responsible for processing extended day attendance, stipends, awards and bonuses through the Oracle Supplemental Payment System (SPS) for Central Office department funded programs.
- **Time and Attendance Correction (TAC):** The TAC team supports school payroll clerks working onsite by responding to user phone calls and emails. The team is also responsible for administrative tasks, such as granting timekeeping software security, creating and maintaining job schedules and updating pay rules. The team works closely with the payroll systems administration group during payroll processing to ensure all payroll exceptions that come across are cleared up before payroll confirms. Audits of both the Kronos time report and Discard file are also completed by this team.
- **Customer Service:** The Customer Service team answers all payroll related inquiries from CPS employees. This includes but is not limited to: employees missing hours, employees' benefit days being granted, and final pays to retired employees. The team also assists with processing employee garnishments and researching employee records for various departments, primarily Law. The team also assists and administers manual checks that are needed due to system errors.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	2,780,831	2,815,676	2,555,371	2,366,847	2,061,004
<b>Total Department</b>	<b>2,780,831</b>	<b>2,815,676</b>	<b>2,555,371</b>	<b>2,366,847</b>	<b>2,061,004</b>

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	31	23	23
<b>Total Department</b>	<b>31</b>	<b>23</b>	<b>23</b>

## MAJOR ACCOMPLISHMENTS

- **IRS Compliance:** Assisted partners in Benefits, Finance and HRIT in implementing new process to produce newly required 1095-C forms to all employees to comply with new Affordable Care Act requirements. Activities included securing vendor for printed and online form access as well as testing process before implementation to Production.
- **Central Office Pension Drawdown:** Tested and implemented changes in order to reduce Board pension pick up for Central Office employees from 7% to 5%. Worked with both CTPF and MEABF to test interfaces to both funds prior to implementation.
- **Payroll Optimization Project Phase 1 - Kronos Interfaces:** Enhanced interfaces between the PeopleSoft and Kronos systems to increase functionality which streamlined several audit steps that were performed manually prior to implementation of changes.
- **Payroll Optimization Phase 1 - Leave Accrual Processing:** Automated payroll processes to decrease processing time and increase data accuracy in processing standard hours, benefit days, holidays and sick pay.
- **Time Keeper Central:** Expanded employee self-service in Kronos by adding both the Finance and Safety and Security teams to the model. Worked with both departments to train on use of the tool to correctly report benefit time as well as other time correcting entries.

## KEY BUDGET INITIATIVES

- **Kronos Upgrade:** Payroll Services will play a crucial role in implementing an upgraded version of the timekeeping software. New functionality will be enabled and Payroll Services will conduct business process reengineering during the implementation to enhance the user experience through repeatable, scalable, and reliable technology.
- **Position Management:** Support implementation of Position Management through participation and input throughout the project lifecycle.
- **Microfilm & Microfiche Technology Replacement:** Currently, historical payroll records prior to 1994 are stored on Microfilm and Microfiche. Payroll records are requested by Law, Labor, through FOIAs, or by Employees to verify time paid for pension purposes. Would like to convert these records to electronic format to ensure data integrity and to streamline the process to retrieve employee records.
- **Garnishment Administration:** Exploring new ways of generating income for the District, Payroll Services will investigate potentially implementing administration fees for involuntary deductions as allowed for by statute. Will require some work from partners in HRIT and Finance.



## Department of Personalized Learning

### MISSION

The Department of Personalized Learning will provide schools and students with the data, tools, and professional development opportunities needed to adopt Personalized Learning - a teaching and learning strategy that incorporates tailored instruction based on student needs, strengths, and interests. Personalized Learning increases student engagement and allows students to own their learning. As a flexible learning model, it enables learning to happen anywhere at any time. This is a new department that consolidates existing resources across CPS to better focus on supporting schools in adopting personalized learning.

### MAJOR PROGRAMS

- **Pilot Network:** With the help of outside partners, support teachers in piloting personalized learning practices with professional development paired with education technology software programs. Cohorts of 5-11 district-operated schools have participated each year in this program since SY14-15.
- **Data Integration and Evaluation:** The Personalized Learning department develops relationships with key education technology vendors to integrate data with the District systems in order to analyze the impact and cost of various software programs for every school, and ultimately, help schools select programs that best meet student needs.
- **School Dashboard Prototype:** Create a principal- and teacher-facing dashboard that consolidates the high leverage data needed to personalize instruction and improve student achievement outcomes.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	0	0	0	0	781,350
NCLB Federal	0	0	0	0	1,605,459
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,386,809</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	0	0	1
NCLB Federal	0	0	7
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>8</b>

The budget includes:

- \$897,000 for personnel providing program management and direct support to schools,

- \$840,000 for educational technology, software and supplies as well as related facilities improvements, and
- \$650,000 for general administration, professional development and program evaluation activities.

#### **KEY BUDGET INITIATIVES [FOR FY17]**

- **Providing Access to Personalized Learning Professional Development:** In order to create and build upon school interest, the Department will provide access to needed training for teachers and school leaders to implement personalized learning. Professional development vendors will deliver customized training to schools at various stages of implementing personalized learning and foster a community of practice among principals.
- **Providing School-level Support:** District and external support will be provided to schools to ensure they have the resources and expertise required for successful personalized learning implementation.
- **Building Infrastructure Required for Data Integration and Evaluation:** Due to the foundational role data plays in personalized learning instruction and evaluation, we will complete building the data infrastructure needed to integrate data from multiple partners.
- **Developing Robust Models of the School-facing Personalized Learning Dashboard:** In collaboration with schools and principals, build, test, and scale a school-facing personalized learning dashboard that integrates the relevant data needed to personalize instruction.

## Procurement

### MISSION

The Department of Procurement purchases high-quality goods and services on-time and at the best value from high-performing, innovative and ethical suppliers. By leveraging best practices from private and public organizations, this team ensures that all CPS schools and departments have the materials and services necessary for all CPS students to be successful. The department is committed to the Board of Education's Minority and Women Business Enterprise (M/WBE) policy, which are set at 30 percent and 7 percent, respectively, for minority and women-owned businesses.

### MAJOR PROGRAMS

- **Source:** Ensure full compliance with legal requirements for all sourcing activities, provide guidance to end-user departments on the most appropriate way to source their needs, and provide continual support during the life of any resulting contracts.
- **Negotiate:** Develop category strategies and structure the best partnership with suppliers for each addressable spend category. Continue to generate savings going forward by creating and implementing strategies and partnerships in areas such as healthcare, asset management, revenue generation and third party administration.
- **Optimize:** Build sustainable procurement excellence by streamlining internal processes and creating the framework to proactively engage our schools and key suppliers on a year-over-year continuous improvement program.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	2,276,753	2,336,802	2,253,419	1,559,901	1,455,117
<b>Total Department</b>	<b>2,276,753</b>	<b>2,336,802</b>	<b>2,253,419</b>	<b>1,559,901</b>	<b>1,455,117</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	21	13	12
<b>Total Department</b>	<b>21</b>	<b>13</b>	<b>12</b>

### MAJOR ACCOMPLISHMENTS

- Generated over \$30 million in savings in FY16 after driving savings of \$100 million between FY13 and FY15 (\$105m in year-over-year savings, \$18m in one-off savings, and \$8m in cost avoidance savings) by developing category strategies and structuring the best partnership with suppliers for each addressable spend category.
- Significant achievements include District-wide RFP for math curriculum; nursing consolidation and scheduling optimization; education technology RFQ to ensure software products are safe and secure for students; reduced costs for centralized services for information technology; streamlined construction management services; and revised bond requirements for various trades to increase

competition.

- Made additional improvements to contract management processes to optimize benefit to the District. Efforts resulted in \$1.5 million in audit recovery.

#### **KEY BUDGET INITIATIVES**

- Develop category strategies for professional services, construction and educational services, which is expected to result in over \$35 million of cost savings.
- Significant initiatives include, standardization of information technology hardware, resulting in price reduction; optimizing hardware order placement for increased supply chain efficiencies and cost savings; managed print initiative; consolidation and standardization of educational services; District-wide literacy curriculum adoption; global healthcare consolidation; implementation of asset management tool; and increase in student Para transit services.
- Continue to streamline the procurement process for school-based purchases by expanding e-market and strategic supplier purchases to improve cost and supplier performance through increased leverage.

## Office of Public and External Affairs

### MISSION

The Office of Public and External Affairs advocates for CPS students before every level of government to shape education policy and secure external resources. The Office advances the CPS agenda in Springfield, before the Chicago City Council and in Washington, as well as partners with entities to secure grant opportunities to advance the goals of CPS. Our team builds critical support for and understanding of CPS policy and initiatives to help build strong relationships with key decision makers.

### MAJOR PROGRAMS

- **Inter-Governmental Affairs (IGA)** serves as the main point of contact for Chicago's 50 aldermen, 59 state senators, 118 state representatives, 18 U.S. Congressmen, and Illinois' two U.S. Senators.
  - IGA actively advocates for initiatives and legislation favorable to CPS and works to deter legislation that does not benefit student progress.
  - Works with outside organizations, government agencies and elected officials to secure additional external resources for CPS students.
- **External Affairs & Partnerships** fosters and maintains the District's relationships with high-profile funders, as well as helps to secure competitive federal and state grants, in order to gain financial support for District priorities.
  - Liaison to business, philanthropic, and government funding communities.
  - Seeks grants, sponsorships, and in-kind contributions to support CPS priorities.
  - Works with businesses and corporations to secure funding for CPS priority initiatives
  - Develops partnerships that benefit schools across the District.
- **Children First Fund (CFF)** is the 501(c)(3) non-profit organization for CPS. In this capacity, CFF pursues, accepts, and oversees the management of private financial contributions for the benefit of CPS students.
  - As a legally independent entity, CFF functions within its own by-laws and is governed by an external Board of Directors composed of Chicago's philanthropic leaders.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	\$1,983,809	\$2,680,754	\$2,321,684	\$1,778,123	\$1,539,414
School Generated	\$0	\$25,650	\$26,513	\$23,025	\$0
<b>Total Department</b>	<b>\$1,983,809</b>	<b>\$2,706,404</b>	<b>\$2,348,196</b>	<b>\$1,801,148</b>	<b>\$1,539,414</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	22	12	11
<b>Total Department</b>	<b>22</b>	<b>12</b>	<b>11</b>

**MAJOR ACCOMPLISHMENTS**

- Worked on securing long term pension equity and school funding reform from Springfield to help address the District's \$1.1B budget deficit.
- Worked with various CPS departments and Chicago's City Council to identify a school construction framework to align with the new revenue from the Capital Improvement Tax passed by the City Council.
- Partnered with key community stakeholders and elected officials to develop a new construction trades program at Dunbar High School.
- Continued to cultivate, manage and follow nearly 300 active partnerships throughout the year garnering nearly \$30 million in cash and in-kind support for students, schools and peak priority projects.
- Secured over \$50 million in competitive government grants in FY16.
- Secured funding for 100 additional learning gardens over the next 3 years.
- Partnered with the Chicago Blackhawks to implement an after school hockey program at more than 100 elementary schools. Each school received floor hockey equipment and participated in the Toews' Fitness Challenge.
- Secured athletic equipment for high schools and elementary schools totaling over \$250,000 from Good Sports.
- Secured an additional 18 Space to Grow campuses over the next 3 years.

**KEY BUDGET INITIATIVES**

- Consolidate the External Affairs and Competitive Grants teams to help streamline operations and responsibilities.
- Only one vacancy remains entering FY17.

## Office of Safety and Security

### MISSION

The mission of the Office of Safety and Security is to support CPS in providing a safe and secure environment that is conducive to learning. The office is responsible for identifying and addressing safety concerns within schools, while partnering with other stakeholders such as the Chicago Police Department (CPD) to identify risks in the community that could affect the safety of our schools. This team uses a combination of methods, including prevention, intervention and enforcement to proactively address issues that might affect students and staff.

### MAJOR PROGRAMS

The Office of Safety and Security manages the safety of our students through four main resources: CPS Security Guards, Chicago Police Officers, Safe Passage and technology such as security cameras and alarm systems. The department is divided into four teams to manage these resources.

- **The Network Safety Team** serves as the overall safety support structure for each Network. Every school has an identified point of contact from this team who is accountable for assisting in areas ranging from safety strategy development to security staff support to incident investigation and response. Key responsibilities include:
  - Working with schools to develop customized school safety plans
  - Providing school-based security staff support and training
  - Ensuring the performance optimization of school-based security staff
  - Conducting safety audits for schools
  - Partnering with CPD and community stakeholders to support school safety plans
  - Conducting interventions for students who are at risk due to factors including, but not limited to, environmental concerns, gang concerns and any other issues that might jeopardize student safety
  - Provide crisis team support at schools for situations including grief counseling
- **The Student Safety Services Team** is responsible for the overall operations of the Student Safety Center, the District's 24/7 command center for safety communications. This team also manages the technology strategy and implementation for safety initiatives such as cameras and metal detectors.
- **The Safe Passage Team** is responsible for the planning and implementation of the District's Safe Passage program. The program partners with community-based organizations to hire safe passage workers to support students as they travel safely to and from school.
- **The Emergency Management Planning Team** is responsible to ensuring school preparedness for emergency situations and incidents such as fire, tornado and active shooter. This team conducts training and supports schools in conducting emergency drills. In the event of a true emergency, this team will also support during the situation.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	42,528,459	31,647,542	31,046,347	29,898,833	30,681,514
Other Grants	381,454	1,227,738	1,473,621	799,866	1,416,709
<b>Total Department</b>	<b>42,909,913</b>	<b>32,875,281</b>	<b>32,519,968</b>	<b>30,698,699</b>	<b>32,098,223</b>
Budgeted at Schools	53,206,172	53,681,780	52,468,260	51,673,964	53,560,197
<b>Grand Total</b>	<b>96,116,085</b>	<b>86,557,061</b>	<b>84,988,228</b>	<b>82,372,663</b>	<b>85,658,419</b>

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	199	196	190
Other Grants	6	4	4
<b>Total Department</b>	<b>205</b>	<b>200</b>	<b>194</b>
School Based	973	982	977
<b>Grand Total</b>	<b>1178</b>	<b>1182</b>	<b>1171</b>

\* The fingerprinting and background-check staff moved from the Talent Office to Safety & Security in FY16, this includes 6 FTE and \$650K budget allocation.

## MAJOR ACCOMPLISHMENTS

- **Expanded Safe Passage Program:** Added 7 schools to the existing Safe Passage plans to support a total of 140 schools throughout the District.
- **School Safety Protocols:** Partnered with principals to create school safety plans with enhanced security protocols designed specifically for each school.
- **LGBTQ Officer Training:** Partnered with the Office of Student Health and Wellness to develop and deliver LGBTQ training to all security officers to rollout the District's new guidelines.
- **Launched "Connect and Redirect to Respect" Initiative:** Implemented program in partnership with the Department of Justice and University Of Chicago Urban Labs to support at-risk youths who have displayed signs of threats and provide interventions to mitigate safety risks to the student.
- **Summer Jobs and Programs to promote Anti-Violence Strategies:** Partnered with the Department of Family Supports and Services to implement 20,000+ summer jobs across the City of Chicago's youth population.
- **Transitioned Background Check process to Safety and Security Department:** Partnered with Talent to continue to streamline protocols to improve service times and customer experience.
- Partnered with NOBLE (National Organization of Black Law Enforcement Executives) to launch a **12 week curriculum in 10 CPS schools to promote youth/police interactions** by allowing the two groups to share experiences and build relationships.



## **KEY INITIATIVES**

- Continuation of the city-wide Safe Passage program through 22 community-based vendors that will hire 1,200 safe passage workers for the 2017 school year.
- Continued refinement of the School-Based Security Model: CPS will continue to work with principals to improve the performance of security officers. Training will focus on improved communication of expectations. The office will partner with school-based stakeholders to ensure all expectations are clearly aligned.
- Continue to rollout the “Connect and Redirect to Respect” Initiative across the city.
- Develop new “Momentary Physical Intervention” standards to enable security officers to safely intervene in situations where there is a physical situation and a person may be in danger of becoming physically injured. The office will develop and implement training associated with these standards.
- Expand and improve safety technology: CPS will continue to seek grants to expand the availability of cameras and other safety technology at schools.
- Expand upon the youth/police intervention initiative NOBLE (National Organization of Black Law Enforcement Executives) to additional schools.

## Office of School Counseling and Postsecondary Advising

### MISSION

The Office of School Counseling and Postsecondary Advising (“OSCPA”) is a part of the Office of College and Career Success (OCCS). OSCP ensures that school counseling teams (counselors, college coaches and postsecondary partners) utilize data-informed practices and student-centered programming to advance the academic, social, and career development of all students in alignment with district goals and state standards.

### MAJOR PROGRAMS

- **School Counseling:** *Counseling Specialists* drive the implementation of comprehensive school counseling programs, which track relevant key performance indicators to ensure school counselors address the academic, social-emotional, and postsecondary needs of all students. As part of this work, Specialists also develop and support the REACH evaluation system that identifies a common definition and set of standards for the school counseling practice.
- **College and Career Advising:**
  - *College and Career Specialists* provide network level guidance to schools that supports a college-going culture; driving college access and persistence growth for students, by focusing on the pillars of *awareness, readiness, access* and *success*. Moreover, they drive multiple district-wide postsecondary success strategies, including monitoring key performance indicators, Postsecondary Leadership Teams (or PLTs), serving as trainers for the College and Career Advising Credential, organizing college fairs, and facilitating college-school partnerships and dual enrollment participation.
  - *Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)* is a Federal program, run in partnership with Northeastern Illinois University Center for College Access and Success, that operates in 72 CPS schools (40 elementary schools and 32 high schools). This program facilitates direct service programming and activities designed to expand school-based activities and increase the college-going rate of low-income students with the intent of improving student achievement and success in postsecondary education.
- **Scholarship Support:** Foster partnerships with strategic scholarship providers; manage, track, and report awards; coordinate events and professional development; and publish a guide that provides students with scholarship opportunities as a way to close the financial need gap.
- **Postsecondary Strategic Initiatives:** Utilize advances in technology and data analysis to continue to develop the best supports for students’ preparation for success in postsecondary endeavors.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	1,643,786	1,782,409	1,519,188	1,201,740	1,479,360
NCLB Federal	37,425	1,304,132	701,617	344,117	761,000
Other Grants	1,899,048	2,743,358	2,545,728	2,194,762	2,566,433
<b>Total Department</b>	<b>3,580,259</b>	<b>5,829,899</b>	<b>4,766,533</b>	<b>3,740,620</b>	<b>4,806,793</b>
Budgeted at Schools <sup>1</sup>	309,189	268,967	335,100	334,400	0
<b>Grand Total</b>	<b>3,889,448</b>	<b>6,098,866</b>	<b>5,101,633</b>	<b>4,075,020</b>	<b>4,806,793</b>

<sup>1</sup> As part of CPS' continuing work to operate more efficiently while protecting the classrooms, all programs came under evaluation during FY 16. In an effort to remove duplicative programming, funding for the Summer Transition Counseling program was eliminated for FY 17, and the District will leverage existing summer school programs moving forward.

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	13.15	9	10.5
Other Grants	34.85	36	33.5
<b>Total Department</b>	<b>48</b>	<b>45</b>	<b>44</b>

## MAJOR ACCOMPLISHMENTS

- **School Counseling:**  
Expanded K-12 counseling supports, which include supporting the first K-8 school to receive national RAMP (counseling excellence) recognition, leading network-level counselor PDs district-wide, developing new Counselor REACH tools, and organizing the School Counseling and Postsecondary Advising Program Expo at SWAP to serve 200+ counselors.
- **College and Career Advising:**
  - Launched the school-based Postsecondary Leadership Teams (PLTs) across the majority of high schools, to formalize the planning and analysis of post-secondary advising in each school. Using the newly launched postsecondary monthly school data tracker to enable school-specific early indicator monitoring and support, the PLT's will be able to review at a student level and ensure supports account for individual school needs
  - Hosted district-wide college and career exposure events, including the 3<sup>rd</sup> Annual Young Men of Color Summit, the College and Career College Fair at the Illinois Institute of Technology, the Knowledge 4-College Student Support Service Conference and the Highly Selective College Fair at Whitney Young High School.
- **Scholarship Support:**  
Provided district-wide Gates Millennium Scholarship information sessions and student support essay writing workshops resulting in 35 Gates Scholars, the highest for any school district across the nation for the 7<sup>th</sup> time in eight years.
- **Post-Secondary Strategic Initiatives:**
  - Launched the Naviance College and Career Planning Portal, which provides students with a way to research college and career pathways as early as 6<sup>th</sup> grade.
  - Simultaneously launched "Academic Works", a web-based tool to streamline the scholarship search and scholarship application completion for students. Academic Works also interacts with scholarship organizations to provide the latest information directly to students.
  - In partnership with Thrive Chicago, a local non-profit focused on creating "cradle to career supports" for Chicago residents, launched a college-focused Senior Seminar program at 15 high schools.
  - Continued CPS' work, in accordance with the establishment of the Illinois DREAM Fund, to support postsecondary planning for the DREAMer student population, by providing resources and professional development to direct service providers, and by partnering with pertinent stakeholders to improve college access and success.

## KEY BUDGET INITIATIVES

- Grow the number of Postsecondary Leadership Teams in all District-managed high schools in order to lead strategies to drive key postsecondary performance indicators, identify gaps, and problem solve.
- Make meaningful progress towards our long-term goal of all students in grades 6-12 completing a College and Career-Ready Individual Learning Plan, so that students can maximize post-secondary planning milestones and assistance from Naviance.

- Implement year 3 of the Chicago College and Career Advising Credential and associated professional development, for school postsecondary advising staff in order to ensure more school staff are getting the training and support they need to be effective in increasing and sustaining student postsecondary success.
- Organize 3 strategic citywide college fairs that focus on STEM, selective colleges and universities, and a “Last Chance” spring fair for seniors.
- Continue a review of the current senior seminar landscape in order to strengthen existing programs and establish new programs where none exist.

## Department of School Quality Measurement

### MISSION

The mission of the Department of School Quality Measurement is to provide clear, accurate reporting of interpretable results, and to support leadership in schools, networks, and central office by delivering timely and accurate school performance data and analysis.

### MAJOR WORKSTREAMS

Identifying valid and reliable measures of performance that will be used to establish goals at the educator, school, network and district levels.

- Providing leadership in schools, networks and central office departments with access to timely and accurate school and educator performance data and analysis.
- Developing consistent practices across CEo offices for accessing, interpreting, and using performance data to monitor progress and evaluate success.
- Compiling academic performance data and creating a repository for relevant District data in collaboration with other CPS departments.
- Calculating accountability metrics, KPIs, and other academic performance measures used throughout the District.
- Calculating end-of-year performance ratings for schools, principals, and educators in alignment with local policies (e.g., the School Quality Rating Policy) and state statute (e.g., Performance Evaluation Reform Act).
- Managing the District's research-practice partnerships, external research review processes and data sharing agreements.
- Managing a Roster Verification process to allow educators and administrators to input front-end data used in evaluations.
- Increasing transparency within CPS and with the public through clear reporting of performance data

### BUDGET SUMMARY

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures</b>	<b>2017 Proposed Budget</b>
General Funds	0	0	0	0	2,207,139
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,207,139</b>

### POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Funds	0	0	14
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>14</b>

### MAJOR ACCOMPLISHMENTS

- Calculated and released school quality ratings for 648 schools and programs, principale evaluation for over 500 principals, and REACH educator evaluation ratings for over 20,000 educators.

- Collaborated with ITS to enhance the district-wide dashboard for school leaders and the online school progress reports for families and community members to increase access to valuable, user-friendly information about their schools.
- Led the identification and validation of value-added student growth metrics for use in the teacher evaluation system.
- Led the Roster Verification process for all District teachers to be used in student growth measures of the new teacher evaluation system, with over 99% of rosters verified.

#### **KEY BUDGET INITIATIVES**

- Provide analytic support to Chief Education Office departments, networks, and schools to track progress and support the continuous improvement cycle.
- Create and maintain reporting tools for SQRP, principal evaluation, assistant principal evaluation, and teacher evaluation.
- In collaboration with state and national experts, continue to develop valid and reliable growth models tied to new state and local assessments.
- Provide clear, timely, and informative information on school quality to parents, Local School Councils, and community members through school progress reports, websites, and other communications.

## School Support Center

### MISSION

The School Support Center (SSC) is a one-stop shop dedicated to creating and delivering innovative and proactive business solutions that empower schools to focus on instruction. We believe our schools need sound business practices that support student achievement. The School Support Center serves as a single point of contact between Central Office partners and school/Network staff by providing excellent training, consultative support, and Premium Services in all areas related to school business operations.

### MAJOR PROGRAMS

- **Support Center:** This team provides problem solving, consultation, and instructor-led training support to school principals and their support staff who manage school business operations. The School Support Center serves as a single point of contact for support in the functional areas of Budget, Finance, Procurement and Talent.
- **Quality Assurance & Training:** In partnership with Central Office departments (Information Technology Services, Talent, Budget, Procurement, Finance, Treasury, etc.):
  - Develops training content/delivery modules and prepares trainers to implement training courses for Budget, Finance, Procurement, Talent and district-wide campaigns. Current offering covers topics such as school budgets, internal accounts management, procurement, fixed assets, family income information form, Taleo, and Network principal budget training/working sessions. These training sessions serve over 4,000 attendees annually.
  - Identifies and provides analysis on school-level trends/system issues and communicates monthly with department Chiefs and Networks to execute improvements in district-wide policies/procedures.
  - Develops relevant and coherent knowledgebase to increase communication effectiveness between Central Office departments, the School Support Center, and school customers related to CPS policies and general information.
- **Premium Services:** The School Support Center Premium Services option offers a shared service alternative for school principals to receive on-site consultation, training, and support in all areas of school financial operations. All schools who opt-in to Premium Services will receive these supports:
  - An assigned Financial Specialist who visits each school on a regularly scheduled basis
  - Differentiated/On-site training and support during visits to the school, with time spent providing consultation and training to the principal and designated staff specifically on Internal Accounts (IAMS) procedures, budget planning and spending, troubleshooting, and monitoring of school finances.
  - On-site support for school audits (pre-audit preparation and post-audit support).

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Budget	\$2,669,039	\$1,996,802	\$2,410,558	\$1,903,432	\$1,267,780
School Based Funds	\$654,834	\$0	\$791,860	\$659,161	\$194,015
<b>Total Department</b>	<b>\$3,323,873</b>	<b>\$1,996,802</b>	<b>\$3,202,417</b>	<b>\$2,562,593</b>	<b>\$1,461,795</b>

## POSITION SUMMARY

	2015 Budgeted Positions	2015 Ending Positions	2016 Proposed Positions
General Budget	29	32	31
SGSA	8	6	6
<b>Total Department</b>	<b>37</b>	<b>38</b>	<b>37</b>

## MAJOR ACCOMPLISHMENTS

- Implemented the change management for school budget application (known as Public Sector Budgeting) to Hyperion Budgeting, providing technical training and support to 1,200 school-based users.
- Organized the release of school budgets district-wide via Network Principals' budget meetings in collaboration with the Office of Network Support, Budget and Grants Management, and Information Technology Services; with representation from all operations and instructional departments to address questions related to the budget and other areas of school operations.
- Provide district-wide support for schools on family income information form, which gathers critical data that inform supplemental funding eligibility for schools.
- Increased customer participation with Premium Service (PS) to include 164 schools in FY16.

## KEY BUDGET INITIATIVES

- Consolidate the SSC locations to provide a single hub for principals and school staff to access, as well as deploy to Network locations, knowledgeable experts in the functional areas of Budget, Finance, Procurement, and Talent.
- Deploy a comprehensive business intelligence dashboard tool to provide Principals and Network Chiefs with consistent and up-to-date data that provide overview of financial metrics and action items.
- Gather pulse on school customer experience of existing Oracle applications and project manage action items to further simplify the District's approach to customer service for our schools and expand training support to Networks and school staff in collaboration with Information Technology Services and Payroll Departments.
- Create and publish an online virtual learning course catalogue to provide clear and concise guidance on district policies and procedures in managing school business operations.



## Office of Social and Emotional Learning

### MISSION

The Office of Social and Emotional Learning (OSEL) is a part of the Office of College and Career Success (OCCS), and partners with schools and networks to establish and sustain supportive learning communities founded on caring relationships and robust multi-tiered systems of support (MTSS) for students' social, emotional and behavioral needs. The office supports training, coaching and implementation of research-based strategies for positive and proactive school and classroom climate development, social-emotional skills instruction, and tailored social, emotional and behavioral interventions.

### MAJOR PROGRAMS

- **Social & Emotional Learning, School Culture and Climate:** Provide training and coaching on supports for school staff to teach, model and consistently reinforce clear expectations throughout the school to create a safe, positive learning environment for all students in accordance with the CPS School Climate Standards.
- **SEL/Behavioral Interventions:** Offer therapeutic strategies with focused skill development specifically designed to positively impact a student or small group of students with certain social-emotional barriers to learning. Using effective discipline and intervention practices, the team works to reduce out of school suspensions and expulsions.

### BUDGET SUMMARY

	<b>2015 Actual Expenses</b>	<b>2016 Approved Budget</b>	<b>2016 Ending Budget</b>	<b>2016 Expenditures</b>	<b>2017 Proposed Budget</b>
General Fund	5,373,981	6,123,325	5,880,910	5,139,608	5,814,065
NCLB Federal	3,019,851	3,000,000	4,912,260	4,083,953	4,712,250
Other Grants	4,185,555	2,030,225	3,125,258	2,520,911	822,640
<b>Total Department</b>	<b>12,579,387</b>	<b>11,153,550</b>	<b>13,918,429</b>	<b>11,744,472</b>	<b>11,348,955</b>
Budgeted at Schools	82,903	0	0	0	0
<b>Grand Total</b>	<b>12,662,290</b>	<b>11,153,550</b>	<b>13,918,429</b>	<b>11,744,472</b>	<b>11,348,955</b>

### POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Fund	26	24	23
Other Grants	9	8	5
<b>Total Department</b>	<b>35</b>	<b>32</b>	<b>28</b>

### MAJOR ACCOMPLISHMENTS

- Certified 166 schools (92 Emerging, 46 Established, 28 Exemplary) with the Supportive School Certification that will appear on School Progress Reports. Schools were certified following a rigorous application process that included school self-assessment of school climate, a review of submitted evidence, and a half-day site visit and interviews.
- Completed updates to the School Climate Standards, which provide additional guidance on the creation of supportive and restorative school environments. Provided intensive school climate

supports through multi-year cohorts to 70 schools. Launched Engaging Schools cohort to pilot intensive school climate supports at 9 prioritized high schools.

- Expanded the Behavioral Health Team (BHT) model to 90 schools to support the coordination and monitoring of behavioral health supports for students with more targeted and/or intensive social and emotional needs.
- Served 351 students (through April 2016) this school year in the Saturday Morning Alternative Reach out & Teach (SMART) program, which serves as an alternative to expulsion and intensive social & emotional intervention. Additionally, the office provided intensive behavioral interventions on-site at 39 schools to 326 students who received referrals for Group 5&6 misconducts under the Student Code of Conduct.
- Provided professional development and materials for 114 schools to implement evidence-based programs to teach SEL skills to all students. Provided ongoing professional development communities for 100 school-based staff to coach classroom management. Trained 136 schools to implement evidence-based classroom management strategies.
- Launched Restorative Practices Train-the-Trainer model that identified 70 school-based Restorative Practice leaders from a variety of roles (including assistant principals, deans/disciplinarians, teachers, security officers, etc.) Provided Restorative Practices Coaches to 80 schools to support implementation of school-wide restorative systems and practices. Provided curriculum and training for 51 schools in Restorative Disciplinary Alternative In-School Suspension.
- Provided direct service mentoring behavioral programs through Becoming a Man/Working on Womanhood to 36 schools, and piloted intensive mentoring interventions at 5 schools. Trained staff at 70 schools in low-intensity mentoring through Check In Check Out.
- Launched Start on Success Project through Department of Education grant, to provide evidence-based approaches to support middle school community-building in 6 schools. Through two federal i3 grants, implemented evidence-based SEL skills instruction and school-wide integration; trained a cadre of Youth Mental Health First Aid trainers and at least 200 First Aid deliverers through Project Aware Grant.
- Implemented Teen Pregnancy Prevention Initiative in 28 schools to support SEL development in 9th & 10th grade students.

#### **KEY BUDGET INITIATIVES**

- Fund professional development, resource creation and direct services for the SEL aspects of the district-wide MTSS initiative, as well as suspension and expulsion alternatives to meet specific social, emotional and behavioral needs of referred students.
- Reduce restorative practice coaching expenses by moving from external coaching consultants to District employees.
- Fund intensive climate development model and intensive behavior interventions in prioritized schools.
- Continue implementation of two federal i3 grants to expand SEL skills instruction and school-wide integration.
- Reduce training expenses by continuing to build internal capacity of Central Office and networks to provide training and coaching on SEL MTSS.

## Sports Administration and Facilities Management

### MISSION

To facilitate and identify world-class opportunities for students and adults through programs that foster growth and development toward character, citizenship and scholarship.

### MAJOR PROGRAMS

- **High School Sports:** Provides valuable after-school learning opportunities by managing the operational logistics for High School Interscholastic competitions across three seasons and for the citywide summer sports camp sessions. Facilitates the comprehensive professional development of all High School Athletic Directors and Coaches, which includes recognition of rules, regulations and conduct of all who are associated with the Sports Administration mission.
- **Elementary School Sports:** Organize network leagues and citywide tournaments for elementary schools that offer sports teams.
- **Student Drivers Education:** Oversee classroom instruction and behind-the-wheel activities for students at 20 citywide locations.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	16,322,281	13,685,959	14,148,641	13,867,075	13,822,026
Other Grants	361,476	148,888	1,119,794	280,432	41,543
<b>Total Department</b>	<b>16,683,756</b>	<b>13,834,847</b>	<b>15,268,435</b>	<b>14,147,507</b>	<b>13,863,569</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	8	12	12
<b>Total Department</b>	<b>8</b>	<b>12</b>	<b>12</b>

### MAJOR ACCOMPLISHMENTS

- Held successful trainings for all principals and athletic directors to review sports bylaws, policies and responsibilities related to sports offerings.
- Created a sports training webinar, which is published on CPS University, for any new administrators and athletic directors.
- Redesigned the Individual Study Plan to establish greater accountability and clarity of who is responsible for providing academic supports to ineligible student-athletes.
- Provided miscellaneous staff to visit schools to ensure ineligible students were achieving academic supports and randomly attended games to monitor the exchange of eligibility sheets.
- Established a Regional Basketball Playoff system to allow for convenient viewership and monitoring and to serve as a showcase for college coaches to recruit our athletes.

- Hired a Title IX Professional to serve as a Compliance Coordinator to oversee the gender equity requirements.
- Launched guidelines requiring earlier start times for athletic competitions in order to address safety concerns.
- Upgraded the Driver's Education fleet with the purchase of 40 new cars to better serve the needs of the students in the Driver's Education program.
- Launched a proof of concept for a revised approach to Elementary Sports Programming through 3 pilot programs.

#### **KEY BUDGET INITIATIVES**

- Establish a sports request application process that allows the department to control costs.
- Continue to organize network leagues and city-wide tournaments for the elementary schools that offer sports teams.
- Implement updated process of verifying and validating all coaches' stipends to ensure effective use of fiscal year budget.
- Programmatic review of all contracts with venues, emphasizing multi-year agreements and cost-effective terms across all sports.

## Office of Student Health and Wellness

### MISSION

The Office of Student Health and Wellness (OSHW) aims to remove health-related barriers to learning so that students may succeed in college, career and life.

### MAJOR PROGRAMS

- **School Based Health Access and Enrollment Services:** management of district-wide student enrollment in Medicaid and SNAP programs, oversight of policies pertaining to chronic disease and School Based Health Centers.
- **Health Information, Monitoring, and Reporting:** management of district-level personnel to support schools through strategic communications and technical assistance, oversight of internal and external research, evaluation and data collection.
- **Health Promotion:** management of district health related instruction including physical education and comprehensive health education (sexual health, nutrition education, alcohol, tobacco, drugs, violence prevention, etc.), oversight of district wellness policies, recess and school gardens.
- **Student Health Services:** program management of district-wide dental exams, vision and hearing screening and referrals, hearing exams, vision exams.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	4,164,941	4,004,265	3,929,440	3,574,738	4,005,581
Lunchroom Fund	113,926	382,128	504,347	426,185	577,635
Other Grants	2,164,444	1,804,531	1,796,917	1,206,982	1,474,733
<b>Total Department</b>	<b>6,443,311</b>	<b>6,190,924</b>	<b>6,230,704</b>	<b>5,207,905</b>	<b>6,057,949</b>

### POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	49.5	49.0	50.0
Lunchroom Fund	4.5	6.0	6.5
Other Grants	11.0	6.0	10.5
<b>Total Department</b>	<b>65.0</b>	<b>61.0</b>	<b>67.0</b>

### MAJOR ACCOMPLISHMENTS

#### School Based Health Access and Enrollment Services

- Disseminated SBHC board rule and protocol to codify the relationship with schools, increase collaboration within the District, outline procedures for developing a new health center, and align with local, state and national standards.
- Re-established Medicaid and SNAP enrollment process by working to re-scope how enrollment assistance services are to be delivered for FY17.

### **Health Information, Monitoring, and Reporting**

Disseminated and analyzed Healthy CPS Survey for over 280 schools to assess alignment to health and wellness policies and determine relevant action steps.

- Completed a comprehensive dashboard to enable school administrators to view specific health and wellness reports and further data driven decisions related to health, wellness and attendance.

### **Health Promotion**

- Implemented year two of the Physical Education Policy at all schools, which required 120 minutes of physical education (PE) for all elementary students and daily PE for all high school students.
- Offered trainings to identified health experts in each school related to diabetes, food allergies, AED/CPR, and sexual health education.
- Trained sexual health instructors in schools to ensure alignment with district policy.
- Delivered epinephrine pens (EpiPens) to all schools to ensure compliance with Illinois law.

### **Student Health Services**

- Audiometric & Vision Screening Technicians employed by CPS:
  - Delivered over 183,000 students with at least one hearing screening and provided referrals for medical care to 1,496 students who met referral criteria.
  - Delivered over 130,000 students with at least one vision screening and provided referrals for medical care to over 33,800 students who met referral criteria
- Partnered with the Chicago Department of Public Health (CDPH) and subcontractors to:
  - Provided over 46,000 students with eye examinations and over 27,500 eyeglasses.
  - Provided over 84,500 students comprehensive dental examinations.
  - Provided over 6,500 students with testing and treatment for sexually transmitted infections.
- Partnered with the University of Illinois in Chicago Hospital and Health Sciences System to provide referred students with an audiology/ear/nose/throat examination.

## **KEY BUDGET INITIATIVES**

### **School Based Health Access and Enrollment Services**

- Implement school based enrollment strategy to increase and maintain the participation rate of students enrolled in Medicaid, CHIP and SNAP to promote success in the classroom and to ensure CPS families have access to health care and a healthy food purchasing power.
- Implement Medicaid/CHIP enrollment strategy to ensure students in need can access supports.

### **Health Information, Monitoring, and Reporting**

- Increase Healthy CPS survey response to inform district training and school technical assistance.
- Achieve 75% response rate to the Centers for Disease Control (CDC) Youth Risk Behavior Survey (YRBS) to ensure representative response data for the district

### **Health Promotion**

- Help all schools achieve *Healthy CPS* certification (100% compliance with health/wellness policies).
- Support professional development and implementation of quality physical education at all schools.
- Implement sexual health education, HIV/STI, and pregnancy prevention initiatives at all high schools.

### **Student Health Services**

- Increase percent of mandated students with at least one hearing screening) and/or vision screening and provide referrals for medical care to students meeting referral criteria.
- Increase percent of students documented with a valid vision examination and/or allowable waiver.
- Increase percent of students documented with a valid dental examination and/or allowable waiver.

## Office of Student Support and Engagement

### MISSION

The Office of Student Support and Engagement (OSSE) is a part of the Office of College and Career Success (OCCS) and provides comprehensive supports to help students become more connected to and engaged in school. The office provides re-engagement services for out-of-school youth, resources to eliminate barriers for Students in Temporary Living Situations, attendance and truancy guidance for students, families and schools, and extended learning opportunities to enhance all students' core academic experience while engaging parents and community members in school-led activities.

### MAJOR PROGRAMS

- **Attendance & Truancy:** Lead and coordinate the district-wide efforts at both the school and community level to promote consistent student attendance and reduce chronic absence and truancy. Intervene when schools fall below the District's attendance goals and assist in disseminating and funding best practices for improving and maintaining high attendance.
- **Students in Temporary Living Situations (STLS):** Train and support all CPS schools to ensure system-wide compliance with McKinney Vento Law for the removal of barriers to the educational opportunities for our over 20,000 students who are experiencing homelessness. Much of this work consists of providing transportation as well as basic needs such as hygiene kits, uniforms and other supports that students need to be successful in school.
- **Student Outreach and Re-engagement (SOAR) Centers:** Provide targeted outreach to chronically truant and out-of-school youth to get them re-engaged, re-enrolled and persisting in a best-fit educational setting with the goal of earning a high school diploma. There are four SOAR Centers, all of which are located in neighborhoods with the highest concentration of out-of-school youth (Roseland, Pilsen/Little Village, Garfield Park and Englewood).
- **Juvenile Justice Re-Entry Program:** Provide re-engagement support to court-involved youth across the city. This team facilitates the school placement and monitoring of all students exiting the Juvenile Detention Center that have attended the Nancy B Jefferson Alternative School.
- **Out-of-School Time (OST) Activities:** Manage and oversee After-School All-Stars, After School Matters, City Year, Science Olympiad and You Be the Chemist, offering approximately 40,000 slots for CPS students. Students who participate in these programs are more likely to have improved academic performance, school-day attendance and school-day behavior outcomes.
- **Community Schools Initiative (CSI):** Support schools in Chicago receiving restricted grant funding to implement the CPS Community Schools strategy. These schools partner with community-based organizations to provide a comprehensive set of wrap-around supports to students, their families and community members. OSSE sets implementation guidelines, trains and connects schools to resources, and provides data analysis and technical assistance.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	7,112,361	9,210,173	4,341,191	4,037,651	7,456,616
NCLB Federal	7,573,058	8,117,718	8,357,473	6,552,006	8,072,696
Other Grants	7,298,820	11,282,997	9,903,915	7,270,271	10,439,209
<b>Total Department</b>	<b>21,984,239</b>	<b>28,610,888</b>	<b>22,602,579</b>	<b>17,859,928</b>	<b>25,968,521</b>
Budgeted at Schools	3,023,612	795,473	5,841,322	5,339,031	362,987

<b>Grand Total</b>	<b>25,007,851</b>	<b>29,406,361</b>	<b>28,443,901</b>	<b>23,198,959</b>	<b>26,331,508</b>
--------------------	-------------------	-------------------	-------------------	-------------------	-------------------

#### POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Fund	11	7	6
NCLB Federal	6	5	5
Other Grants	36	39	40
<b>Total Department</b>	<b>53</b>	<b>51</b>	<b>51</b>
School Based	5.3	6.2	3.5
<b>Grand Total</b>	<b>58.3</b>	<b>57.2</b>	<b>54.5</b>

#### MAJOR ACCOMPLISHMENTS

- Continued implementation of Attendance Improvement and Truancy Reduction Strategy to improve student attendance throughout the District. The comprehensive strategy focuses on providing data tools and guidance to improve all schools' attendance as well as targeted financial investments to support high-need schools through school-climate training, social-emotional skill development and supplemental student programming. The strategy resulted in District-wide increases in average daily attendance at both the elementary and high school levels, as well as decreases in chronic absence and chronic truancy rates. Our record high attendance rate of 93.2% for SY14 was maintained for SY15 and SY16.
- The District's four Student Outreach and Re-Engagement (SOAR) Centers have served 7,000 out-of-school youth and have produced 650 graduates since opening in March 2013. In SY16, we served over 3,200 students with 75% of students reaching stable enrollment in school.
- The Community Schools Initiative (CSI) supported more than 130 schools in creating integrated support programs and services for students by aligning needs with community partners and service providers. The 45 District-managed community schools are funded through seven 21st Century Community Learning Centers grants totaling nearly \$31 million over the five-year terms. In SY16, CSI launched the evidence-based comprehensive CSI Continuous Quality Improvement Process and Short Form Youth Program Quality Assessment tools.
- OSSE led District-wide training and support to all CPS schools to ensure our over 20,000 students in temporary living students in CPS had access to transportation and other basic needs such as hygiene kits, school uniforms and other clothing items to address barriers to attending school every day.
- We engaged approximately 40,400 elementary and high school students in OST programming via After School Matters, City Year, After-School All-Stars, You be the Chemist and Science Olympiad, and achieved increased participation of priority schools and students in OST activities.



## Student Transportation Services

### MISSION

To improve student achievement by providing safe, timely and cost-effective transportation for all eligible students in accordance with federal, state and local laws, as well as City ordinances and Chicago Board of Education policies and procedures.

### MAJOR PROGRAMS

- **Diverse Learning Transportation:** Provide transportation from home to school for over 9,500 students with special needs and over 500 students with specified medical needs via approximately 1,000 routes provided by 20 vendors. Additional services based on individual needs of students may include: a bus aide, a nurse, a lift-equipped vehicle for wheelchairs, an air-conditioned vehicle, car seat and harness/restraint systems.
- **Options for Knowledge Transportation:** CPS provides access to a variety of programs for approximately 9,500 K-8 students on approximately 300 routes. The programs include magnet, academic centers, gifted and classical schools. Transportation is often based on living 1.5 to 6.0 miles from school; however, for gifted and academic centers, transportation is offered for those living further than 1.5 miles.
- **Non-Traditional Transportation:** Non-Traditional Transportation serves Students in Temporary Living Situations, students living in Chicago but attending other school districts, students attending qualifying NCLB schools, and transportation to three Alternative Safe Schools.
- **Bus Aides:** CPS provides bus aides for nearly 6,500 students with IEPs that require a transportation aide. In FY14, the Transportation department centralized the staffing and management of all bus aides to more efficiently allocate personnel and improve route coverage, and this practice continues to play a role in improved overall attendance and performance.

### Budget Summary

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	115,041,259	116,832,919	113,706,717	106,720,785	117,800,757
NCLB Federal	301,037	350,000	276,969	59,609	75,000
<b>Total Department</b>	<b>115,342,296</b>	<b>117,182,919</b>	<b>113,983,685</b>	<b>106,780,394</b>	<b>117,875,757</b>

\*2016 Expenditures reflect the amount paid as of the time of budget preparation.

### Position Summary

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	1057	932	919
<b>Total Department</b>	<b>1057</b>	<b>932</b>	<b>919</b>

### MAJOR ACCOMPLISHMENTS

- Successfully negotiated Yellow Bus contract renewal keeping cost increases limited to 3.1 percent overall.
- Reached agreement with two para-transit vendors to increase para-transit capacity.

- Implemented a shared savings program with schools willing to shift their bell time for School Year 2015-16. Through this program, schools received just over \$1.8 million in savings to use at their discretion.
- Improved overall pairing percentage on routes from 44% to 51%, saving the District approximately \$750,000.
- Obtained new routing software through an RFP. Through better route optimization, CPS anticipates saving \$1 million annually beginning in FY18.
- Created a “transit-style” transportation model for students receiving transport through the Options for Knowledge program. This initiative consolidated the number of school stops from 450 to 182 and saved approximately \$1.8 million.
- Centralized the management and staffing of bus monitors, which, along with the creation of transit-style stops, saved the District over \$2 million.

#### **KEY BUDGET INITIATIVES**

- Further implementation of bell time shifts to increase operational efficiency and service reliability, an initiative projected to save significant dollars.
- Further implementation of cost effective para-transit vehicles to save the District \$3 million per year in transportation costs.
- Implement new routing software in FY17 to fully optimize CPS routes and reduce spending.

## Talent Office

### MISSION

The Talent Office supports all stages of employees' careers with CPS so they can focus on serving the students of Chicago. This work includes recruitment, hiring, onboarding, development/evaluation, financial and non-financial compensation and benefits, as well as supporting school and department leaders in establishing and maintaining a healthy, performance-based workplace culture.

### MAJOR PROGRAMS

- **HR Operations:** Improving the selection and onboarding experience for new employees and hiring managers; place more than 6,000 substitutes weekly; begin the transition to electronic employee records.
- **Talent Acquisition:** Increase the diversity and quality of CPS' teacher pipelines, including new and expanded partnerships with teacher preparation programs, student teaching and encouraging CPS students to pursue careers in teaching with CPS.
- **HR Partner Teams:** Provide one-stop support for CPS leaders, including principals, on all HR-related needs, including expert guidance, timely technical advice and executive consultation.
- **Employee Benefits:** Redesign the District's benefits plans to provide maximum value to employees while slowing the increase in healthcare costs; improve employees' and managers' experience with leaves of absence.
- **Talent Support & Executive Administration:** Perform client management function for all District leaders seeking Talent guidance and support, conduct workforce planning, and executive leadership.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	31,214,934	15,139,362	14,247,742	13,661,673	14,833,799
NCLB Federal	10,005,688	60,193	636,747	551,950	6,264,743
Other Grants	338,806	82,728	151,041	123,125	2,210,226
<b>Total Department</b>	<b>41,559,428</b>	<b>15,282,283</b>	<b>15,035,530</b>	<b>14,336,748</b>	<b>23,308,769</b>

- Due to FY17 Reorganization impacting the Accountability and Teaching and Learning office, 15 FTE were transferred to the Talent Office for a total of \$2.1 million. The re-org also resulted in the transfer of \$3.1 million in Title II funding for National Board Certification stipends to teachers
- The FY17 budget includes an additional 18 FTE for the purpose of conducting SPED REACH evaluations across the District for a total of \$2.2 million in "other grants"
- Additional increase in Title II funding is the result of shifting Talent's Teacher Recruitment program from local funding to NCLB

## POSITION SUMMARY

	<b>2016 Budgeted Positions</b>	<b>2016 Ending Positions</b>	<b>2017 Proposed Positions</b>
General Fund	75.34	63	69.67
NCLB Federal	1	0	8
Other Grants	0.66	2	18.33
<b>Total Department</b>	<b>77</b>	<b>65</b>	<b>96</b>

- The Talent Office headcount is comprised of 94 operational staff employees. Also included in the headcount are employees that are part of the District's Talent Pipeline which includes 1 Broad resident, and 1 Education Pioneer fellow.
- The FY17 budget includes 18 FTE for the purpose of conducting SPED REACH evaluations across the District. Due to a reorganization of the Accountability and Professional learning offices, 15 FTE were transferred to the Talent Office.

## MAJOR ACCOMPLISHMENTS

- Refocused internal resources on HR Operations to focus on more personal employee service and school leader partnership. This transition will continue through the first quarter of FY17.
- Implemented a more professional, constructive discipline process for teachers and paraprofessionals that encourages setting expectations, gaining commitment, and mutual support of the school's goals and culture.
- Ensured 100% of teachers rated Unsatisfactory or Developing had professional development plans to guide their improvement in school year 2015-16.

## Office of Teaching & Learning

### MISSION

To provide all stakeholders with educational resources that will result in high-quality curriculum and instruction that engages and empowers students.

### MAJOR PROGRAMS

- **There are five Core Curriculum** departments under the Office of Teaching and Learning: **Arts, Literacy, Math, Science, and Social Science/Civic Engagement**. These departments focus on the effective implementation of Illinois State Standards and high-quality instruction. They ensure that educators have the training, tools and resources to support meaningful and effective learning that prepares students for a successful future.
- **The Instructional Supports Department** provides students with targeted resources and academic programs that extend learning opportunities. The Instructional Supports department ensures that all students will be actively engaged in extended learning opportunities (including Summer Bridge, Credit Recovery and Virtual Learning programs) that foster and enhance the skills needed for success in college, career and life.
- **The Education Policy and Procedures team** effectively communicates and facilitates the strategic implementation of Board policies and procedures to ensure equity and fair standards for all CPS students to drive student achievement. In FY17, the team will report to the Chief Education Office (CEdO).
- **CPS Framework Specialists** provide supports and resources, including standard-setting resources (companion guides, addenda), teacher-created support resources and teacher-led professional development sessions to support District schools and establish best practices.
- **The Learning Technologies team** maintains the District's Learning Hub, which houses and tracks CPS professional learning, and the Knowledge Center, an Intranet site that houses information, tools and resources for CPS staff. The department also manages the Learning Object Repository (LOR), which is comprised of various webinar systems that support digital media management.
- **The Academic Competitions team** encompasses extra-curricular programs aimed at engaging students before, during and after school, including science fairs, academic decathlons, spelling bees, debates and other competitions. Academic Competitions create a competitive environment to teach students to apply content knowledge in ways that develop college and career skills such as argumentation, problem solving, research and critical thinking.
- **The Department of Assessments** provides high-quality and developmentally-appropriate assessment options for all CPS students. CPS provides both required and optional assessments to gauge progress and achievement in District schools.
- **The Department of Magnet Gifted and IB Programs**, includes Advanced Placement courses and provides students and families with high quality school models aimed at increasing college readiness through rigorous, theme-based instruction.
- **The Office of Early Childhood Education** is also organized under the Office of Teaching & Learning but is presented separately in the Budget Book.

## BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	17,954,237	16,792,931	15,756,903	10,090,268	16,748,348
NCLB Federal	12,245,889	18,299,921	17,798,153	14,179,167	13,787,336
Other Grants	2,344,111	1,877,369	4,172,626	2,618,547	2,252,110
<b>Total Department</b>	<b>32,544,236</b>	<b>36,970,221</b>	<b>37,727,683</b>	<b>26,887,981</b>	<b>32,787,795</b>
Budgeted at Schools	56,988,983	51,207,308	51,852,229	49,649,095	51,595,436
<b>Grand Total</b>	<b>87,129,116</b>	<b>86,603,529</b>	<b>88,005,909</b>	<b>75,007,092</b>	<b>84,383,231</b>

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	39	31	30
NCLB Federal	28	19	23
Other Grants	5	6	5
<b>Total Department</b>	<b>72</b>	<b>56</b>	<b>58</b>
School Based	485.8	472.9	474.4
<b>Grand Total</b>	<b>557.8</b>	<b>528.9</b>	<b>532.4</b>

## MAJOR ACCOMPLISHMENTS

### Core Curriculum:

#### Arts

- More than 2,000 students across the city participated in out-of-school arts opportunities, such as CPS Music Festivals, Regional ARTS Days, and All-City Visual and Performing Arts showcases.
- 500 educators received professional development in arts assessments, arts and technology integration, and arts curriculum development.
- Assistant principals participated in Creative Compass, a program to increase arts leadership among administrators.
- 400 Arts Liaisons engaged in effective arts advocacy.
- \$700,000 "Arts Essentials" funds were distributed to eligible schools for the purchase of equipment, materials and supplies for arts instruction.
- Nearly \$1.5 million was awarded to 100 schools through the Ingenuity-funded Creative Schools grants for arts partnerships that respond to data-identified gaps in student access to arts education.
- 140 students from 40 high schools enrolled in the Advanced Arts Education Program at Gallery 37, which provides intensive arts education to dedicated students.

#### Literacy

- Partnered with the University of Chicago and WestEd Teacher Professional Development Program to provide quarterly professional learning opportunities for district- and school-based instructional leaders, including 329 Teacher Leaders in grades PreK-12 and over 454 post-professional learning hours with Network Partnership teachers.

- Conducted a thorough review of Common Core-aligned instructional materials with input from over 60 stakeholders across the district to identify high-quality curriculum to inform future purchasing decisions.
- Provided an Elementary Battle of the Books program for approximately 2,000 students in 181 teams from 118 schools, a 15.7 percent increase over the previous year.
- Provided 389 schools access to SOAR (Students Online Access to Resources), an integrated virtual library system that allows schools to manage the circulation of print and digital library resources. As a result of negotiated contract terms, SOAR will expand with digital eBook library portals to every CPS school in SY17 at no additional cost to CPS.

### **Math**

- Partnered with Erikson Institute and DePaul University to provide Common Core math professional development in 10 of 14 CPS networks across grades PreK-12.
- Supported approximately 250 schools in selecting and implementing recommended core mathematics instructional materials aligned to Common Core.
- Improved the student pass rate of the High School Algebra for Middle Grades Students program to 57%, increasing the number of students getting access to middle grades Algebra from 1114 to 5783 since 2007.

### **Science**

- Developed and facilitated 106 hours of programming across six high school professional learning projects (professional learning communities, action research project and content-specific workshops), which were attended by 165 teachers.
- Planned and organized six professional learning communities across the district.
- Developed 13 professional development modules organized into 7 topics for Network Instructional Support Leaders to support teachers with implementing the Illinois Learning Standards in Science in classrooms.
- Provided targeted science support to 163 teacher leaders in Networks 2, 3, 7 and 9 in partnership with Universities (Loyola, DePaul, and University of Chicago).
- Aligned K-5 Science Resource Center Scope to reflect the Illinois Learning Standards in Science.
- Acquired over \$1.3 million dollars in external funding to support science teaching and learning in CPS.

### **Social Science/Civic Engagement**

- 78 teachers participated in the District's Social Science Academy to build professional capacity.
- 52 high schools implemented personal finance curriculum to provide students with valuable life skills.
- 31 schools piloted new civics curriculum tailored for students in Chicago along with professional development and onsite support for 54 civics course teachers.
- 41 high schools and 12 middle schools implemented a Student Voice Committee.
- Over 1800 students participated in civic learning opportunities organized by department; 800+ students participated in early voting activities.

### **Instructional Supports:**

- Worked to develop an IT Dashboard upgrade that gave all CPS principals daily access to students' summer school progress, allowing principals to access with data needed to implement effective interventions to help students in need of additional supports.
- Developed a Principal Guide for Age Cycle 15 Students (elementary school students who will be 15 years old by the beginning of next school year and will become high school students whether or not they have met middle school completion criteria).

- Collaborated with the Department of Information and Technology Services (ITS) to develop a tool to track the implementation of Personal Learning Plans (PLPs) for all Summer Bridge students and students in need of additional supports.
- Provided networks and schools with three Eligibility Forecast Reports to increase their ability to identify struggling students during the school year.
- Compiled and organized an electronic Summer Programs Handbook and streamlined monthly communication with principals through monthly reminder alerts, directing principals to relevant sections in the handbook.
- Launched a Virtual Learning Request for Proposal (RFP) which yielded three approved vendors from which schools can work with for virtual credit recovery tools.
- Identified Multi-Tiered Systems of Support (MTSS) work streams across a variety of CPS Departments.

#### **CPS Framework Specialists:**

- Designed and facilitated 29 free Professional Learning events that reached over 3,400 attendees across the district.
- Created over 200 resources/videos to support CPS principals and teachers with the CPS Framework for Teaching. These resources/videos were viewed 131,105 times by CPS staff on the CPS Knowledge Center.

#### **Learning Technologies:**

- Supported 1800+ providers of professional learning in their setup/management of 7,205 courses with 196,807 employee enrollments.
- Increased usage of the Knowledge Center by 125 percent to 2.3 million page views. Over 56 CPS departments host content on the Knowledge Center.
- Enhanced the data integration from the HR database (HCM) to the Learning Hub to provide the best option for meeting CPS requirements that impact 25k employees.
- Updated the Knowledge Center to house the Ed Tech Online Catalog to allow schools to make more informed purchasing decisions of Ed Tech products. Each product in the catalog was vetted for basic IT security, legal, and procurement standards.

#### **Academic Competitions:**

- Oversaw efforts to provide nearly 50,000 CPS students with access to academic competitions.
- Planned, implemented and executed city-wide tournaments; many lead to high-achievement in state and national competitions.
- The 2016 CPS Student Science Fair was one of the largest fairs in the past 10 years. 358 students from grades 7-12 participated, and 343 projects were showcased
- 67 Science Fair students from across the district advanced to participate in the Illinois Junior Academy of Science (IJAS) state exposition at Millikin University in Decatur, Illinois.
- Increased the number of schools participating in First Move, a chess education program, from 92 to 113, serving approximately 4,000 students in grades 2 and 3.
- A team from Earle STEM Elementary School won the 2016 All-Girls National Chess Tournament.
- The Whitney Young Academic Decathlon team won 2<sup>nd</sup> place in Super Quiz and 3<sup>rd</sup> place overall in Division 1 at the Academic Decathlon National Competition held in Anchorage, Alaska..
- A senior from Payton was named top speaker at the Urban Debate National Championship Tournament in San Francisco, and won the opportunity to return to California to compete for scholarships at the Ronald Reagan Foundation.
- A Debater from Northside College Prep, was named the National Urban Debater of the Year



**Assessments:**

- Administered ACT to all juniors, a crucial step in the college application process.
- Facilitated the Network Assessment Lead Professional Learning Community, providing logistical and policy communications and an opportunity to share effective school-based balanced assessment approaches across all Networks.
- Led school test coordinator trainings for over 600 participants, to learn about PARCC, DLM and ACCESS policies, logistics and technology.

**Magnet Gifted and IB:**

- Supported IB Authorization application submittals at 4 new IB elementary schools.
- Provided program and curriculum guidance for initial implementation of the IB Middle Years Program at 4 elementary schools and the IB Primary Years Program at 1 elementary school in preparation for submitting application for IB authorization.
- Provided technical support and curriculum development support incubation of 7 newly authorized Diploma Programs and 4 Career-Related Programs.
- Provided professional development for over 1,100 Magnet, Gifted and IB program teachers.
- Incubated Comprehensive Gifted Programs at 8 new schools.

## Title I and School Improvement Office

### MISSION

The Title I and School Improvement Office provides differentiated tools, processes, systems, and structures at all district levels to support enhanced conditions for meaningful continuous improvement, ensure outcomes-oriented compliance, and positively impact the instructional core in all schools.

### MAJOR PROGRAMS

- **Title I Implementation Support:** Support on-time submission of Title I grant applications and amendments aligned to District priorities; work collaboratively and deliberately with leaders of various CPS departments to ensure outcomes and results aligned to District objectives; track targeted grant-funded supports to ISBE-identified Priority and Focus Schools.
- **Statewide System of Support (SSOS):** Manage District implementation of the Title I Statewide System of Support and the related coordination of services to ISBE-identified Priority and Focus Schools by leveraging available structures and resources to ensure that schools receive expert, timely, and relevant assistance with an emphasis on closing the achievement gap.
- **Administration of Federal School Improvement Grants (SIG):** Develop and support the grant application, program implementation, and monitoring process for schools receiving SIG funding, including managing the relationship with various internal and external stakeholders and facilitating Central Office supports on behalf of schools.
- **Continuous Improvement Work Plan (CIWP):** Create a comprehensive, accessible, and adaptable tool and process that guides schools in meaningful data-driven reflection and analysis to positively impact the instructional core.

### BUDGET SUMMARY

	2015 Actual Expenses	2016 Approved Budget	2016 Ending Budget	2016 Expenditures	2017 Proposed Budget
General Fund	0	0	0	0	132,486
NCLB Federal	0	0	0	0	107,414
Other Grants	0	0	0	0	2,330,599
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,570,499</b>
Budgeted at Schools	0	0	0	0	4,082,840
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6,653,339</b>

*\*Prior to FY2017, components of department were part of Grant-Funded Programs, Office of School Support Services, and Accountability.*

## POSITION SUMMARY

	2016 Budgeted Positions	2016 Ending Positions	2017 Proposed Positions
General Fund	0	0	1
NCLB Federal	0	0	1
Other Grants	0	0	10
<b>Total Department</b>	<b>0</b>	<b>0</b>	<b>12</b>
School Based	0	0	34.1
<b>Grand Total</b>	<b>0</b>	<b>0</b>	<b>46.1</b>

## MAJOR ACCOMPLISHMENTS

- Ensured both strategic District goals and grant requirements were met by analyzing the programmatic side of the Title I budget, including the number of students served by each program, the scope of matching funds provided by external vendors, and the interventions provided to ISBE-identified Priority and Focus Schools to support the reallocation of resources directly to schools, including a \$41M mid-year shift.
- Assisted Network leadership teams in writing and implementing Network Continuous Improvement Plans aligned to the CPS Network Needs Assessment critical key findings, District initiatives, and school needs.
- Onboarded a new School Improvement Grant cohort, supported five schools in successfully closing out their four-year grant cycle, and facilitated regular progress monitoring of external lead partner providers to ensure fidelity of implementation.
- Updated the Continuous Improvement Work Plan (CIWP) web-based tool and improved the process through which schools develop their plans; as a result, schools used a more streamlined self-assessment (the School Excellence Framework) to guide the creation of school-prioritized strategies, which was a shift from the District-driven priority areas of the past.

## KEY BUDGET INITIATIVES

- **Coordinating supplemental supports to schools.** Through the efforts of the Title I Statewide System of Support (SSOS) and the Title I grant, ensure resources are utilized efficiently and effectively to support identified schools to increase the academic achievement of students.
- **Providing additional grant funds directly to SIG schools.** Due to efficiencies gained from distributed Network and Central Office administration, provide additional grant funds previously used for central functions to School Improvement Grant (SIG) schools.
- **Focused CIWP reviews to create a true living document.** In collaboration with Networks, conduct focused CIWP reviews multiple times a year in order to ensure schools are monitoring progress, revising plans as necessary, and engaging in data-driven reflection.

## Pensions

Teachers and other employees have worked hard for their pensions, and they earned their benefits. CPS' priority is to protect their pensions while at the same time continuing to protect the gains that students are making in the classroom, and preserve the District's investments in schools.

For many years, pensions have been the single largest driver of CPS's structural deficit. Unlike other school districts in the state, CPS is required to fund its own teacher pension system with virtually no state support. Other districts' pension costs are funded entirely by the state, including Chicago taxpayers. In FY16, CPS contributed \$676 million for Chicago pensions out of its own resources, while the State contributed \$3.7 billion for all other districts out of statewide resources. In June 2016, Springfield took action to begin to address this inequity, by passing legislation that would provide \$215 million for the normal cost of Chicago teacher pensions for FY17, freeing up revenue to be spent on the classroom.

At the same time, in FY17, CPS' contribution to the Chicago Teachers Pension Fund (CTPF) will continue to rise, reaching \$721 million. This payment represents an increase of \$45 million compared to FY16 and will consume 13 percent of the District's operating budget. The District's required pension contributions increase even more in the coming years – at \$830 million in 2021 and more than \$1.5 billion in 2059 – highlighting the need for a long-term solution on pension parity between CPS and other districts in the state.

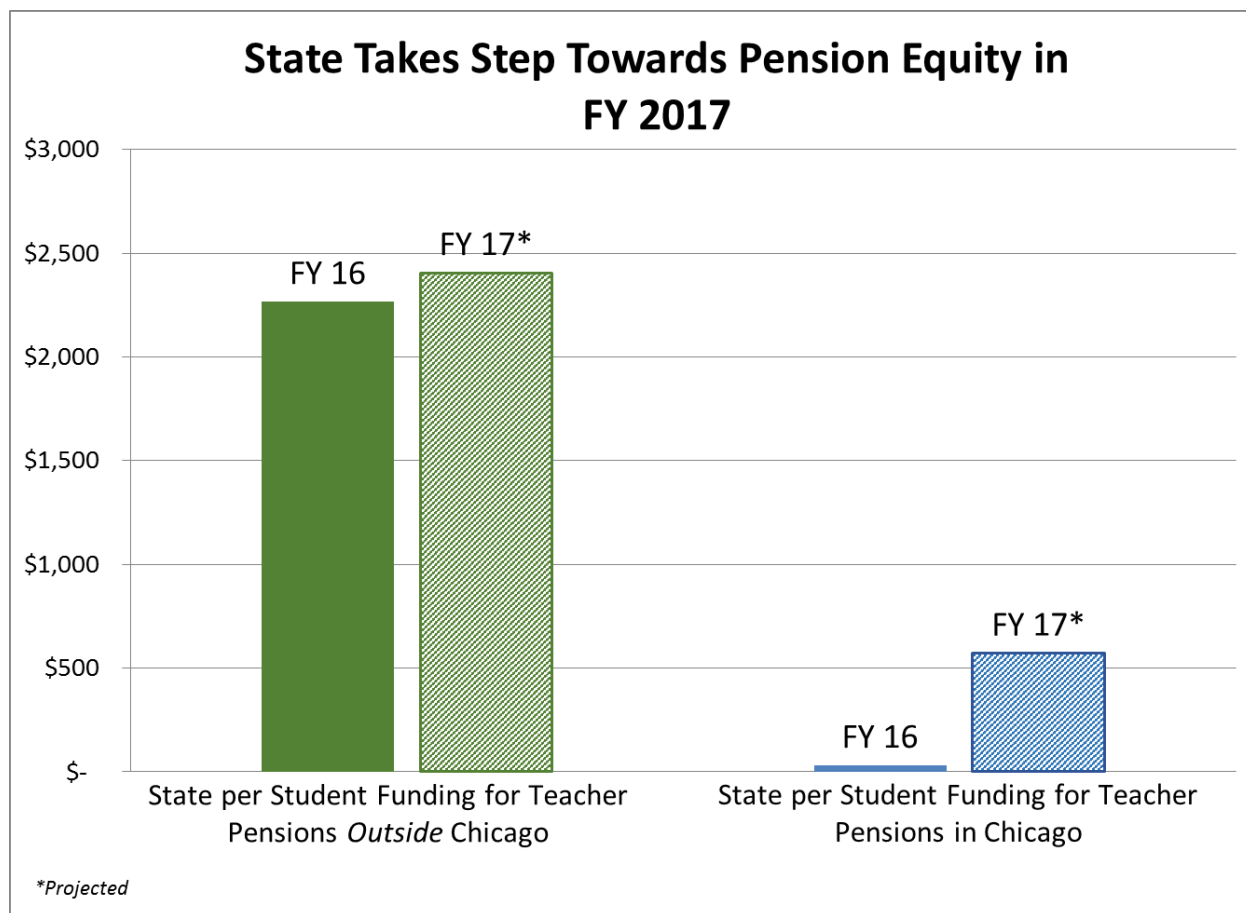
### **Of all the School Districts in Illinois, Only CPS Faces a Crushing Pension Burden**

CPS is in a uniquely difficult financial situation because it is the only school district in Illinois that is required to completely support its pension system. Teachers outside of CPS are part of the Illinois Teachers' Retirement System (TRS), funded by the State from income and sales taxes, including those paid by Chicago taxpayers. However, CPS teachers are part of the CTPF, which is funded by Chicago property owners. The State took a major step forward in addressing this double-taxation of Chicago taxpayers, but will need to enact structural reform to address an inequity that is the main cause of the financial challenges that CPS faces.

Even though both systems are governed by State statute, there is a vast difference in how pensions are funded, and Chicago taxpayers are double taxed.

In FY16, the State made a \$3.7 billion contribution to TRS. This amounts to a pension contribution for downstate and suburban school districts of \$2,266 per student. In contrast, CPS received only \$31 per student (Chart 1). Fortunately, leaders of every branch of government have recognized this disparity, and in FY17 provided some additional funding for Chicago teacher pensions. The latest TRS actuarial valuation indicates the state will make a \$4.0 billion contribution to TRS in FY17, with the state contributing \$227 million to CTPF. This amounts to a pension contribution in FY17 of \$2,406 per student outside Chicago and \$572 per student within Chicago.

Chart 1: State Per-Pupil Contribution Disparity for Teacher Pension Funds



In addition to providing most of the employer contribution for TRS, the State also funds the retiree health care plan for teachers outside Chicago. In FY16, the State provided an additional \$108 million to support retiree health care for the 95,000 TRS retirees. At the same time, CPS contributed \$65 million to CTPF for health care for 24,000 retirees but received nothing from the state.

Employees covered by CTPF also are required by statute to contribute 9 percent of their salary to pensions (the “employee contribution”). However, CPS has since 1981 paid 7 of the 9 percent for a total of \$127 million budgeted in FY17 for participants in CTPF. CPS “picks up” the employee contribution in addition to its own employer contribution. The annual “normal” cost of the employer contribution to pensions in FY17 is projected to be approximately \$215 million.

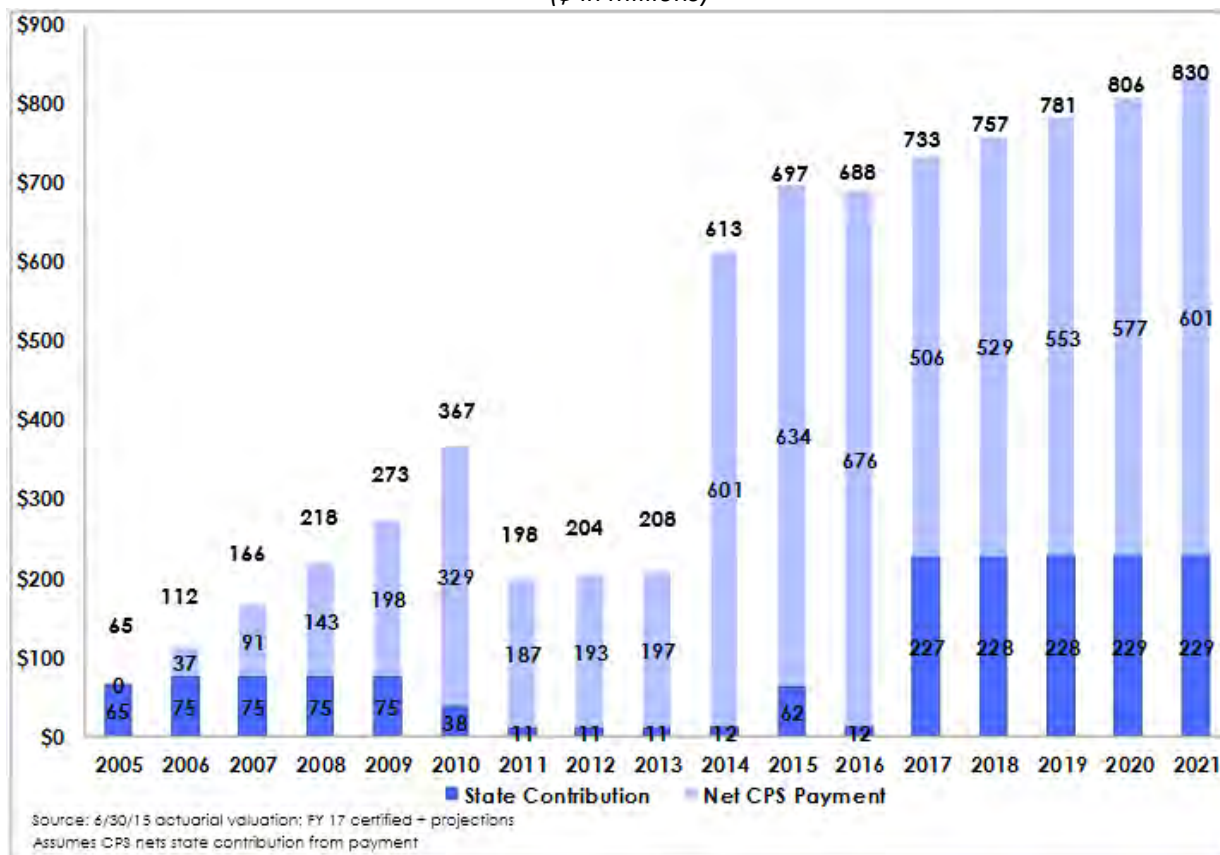
#### CPS’s Pension Contribution Requirements

Teachers and other employees with teaching certificates (e.g., principals) who work at CPS participate in the CTPF. The CTPF is governed by a 12-member Board of Trustees: six elected by the teacher contributors, three elected by the retirees, one elected by the principal contributors, and two appointed by the Board.

CPS is required to make an annual contribution to CTPF, based on an actuarial calculation, sufficient to bring to 90 percent the “funded ratio” of actuarial assets to liabilities by 2059. By statute, CPS is also allowed to offset its contribution by the amount of any State funding contributed to the pension fund. In FY16, CPS paid \$676 million in pension payments to the CTPF, while the State contributed \$12 million. This is in contrast to the State funding goal outlined in statute of 20 to 30 percent of its TRS contribution. If the State met the statutory funding goal in FY16, it would have contributed \$740 million to CTPF instead of only \$12 million.

In FY17, the State has pledged to cover normal cost of CPS pensions, \$215 million, in addition to the previous \$12 million annual contribution. This partially closes the pension funding inequity and reduces CPS’s FY17 pension contribution to \$506 million.

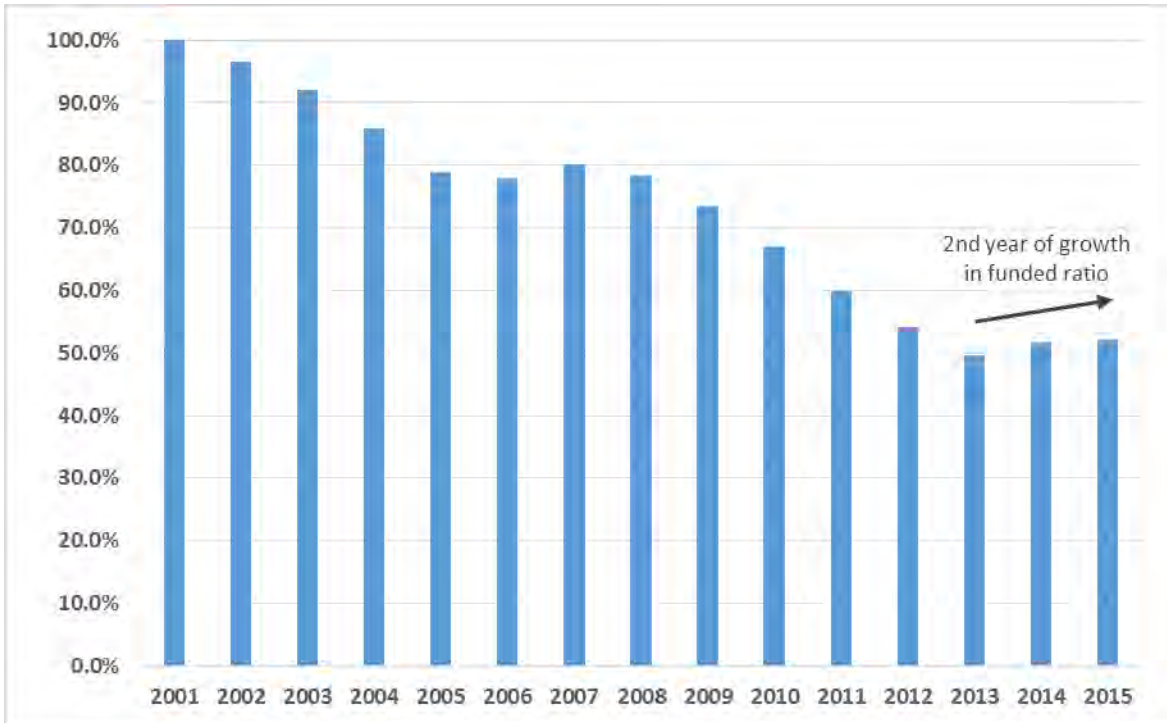
**Chart 2: CPS’ Required Employer Contributions to CTPF Grows Dramatically;  
FY 2017 State Contribution Needed Crucially on Ongoing Basis**  
(*\$ in millions*)



### Decline in Funded Ratio Led to Increased CPS Contributions

As recently as June 30, 2001, CTPF had a funded ratio of 100 percent, and according to State law, CPS did not have to make an employer contribution. By June 30, 2004, the funded ratio had dropped to 86 percent, below a 90 percent threshold, and therefore CPS was statutorily required, beginning in FY06, to make employer contributions.

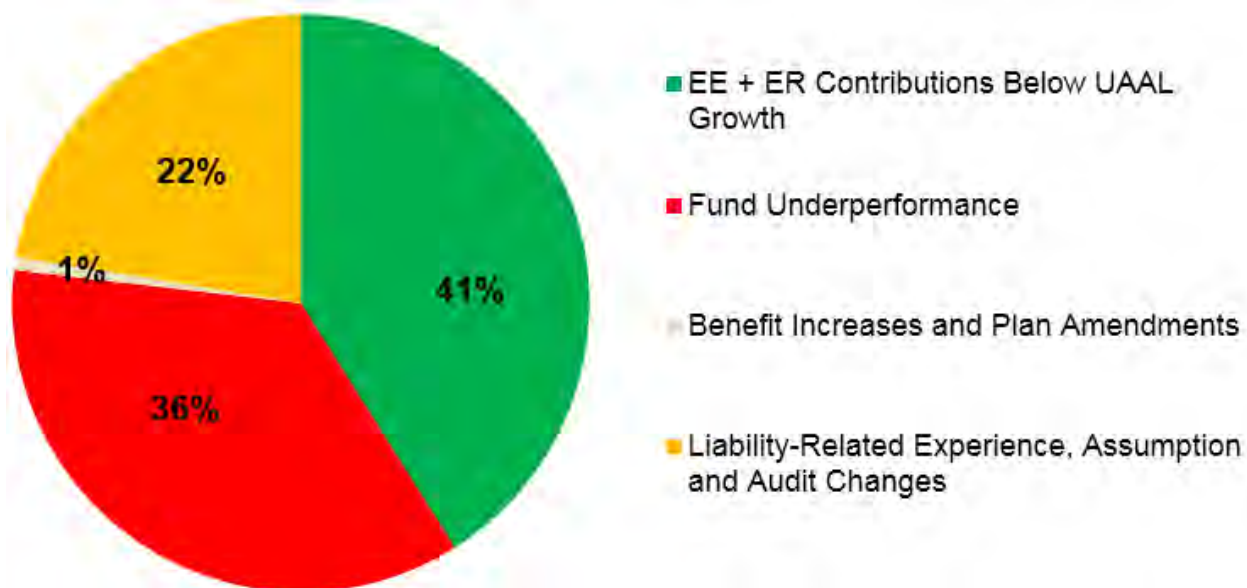
**Chart 3: CTPF Funded Ratio Decreased Over Time, Rebounding Since Low in 2013**



#### **Causes of Decline in Funded Ratio**

CTPF's funded ratio decreased from 100 percent in 2001 to 52 percent in 2015, which represents a decrease of \$9.6 billion over a 14 year period. As shown in Chart 4, investment returns below the assumed rates accounted for 36 percent of the decrease. Contributions statutorily set below what is required to cover the unfunded actuarial accrued liability (UAAL) accounted for another 41 percent, and the combination of plan experience, assumption changes and other smaller items accounted for the other 23 percent. Throughout this period, the State also did not meet its goal of providing CTPF with 20 to 30 percent of the annual funding it was providing to TRS.

**Chart 4: Causes of Decrease Funded Ratio from 6/30/01 to 6/30/15\***



\*EE in the chart refers to Employee and “ER” refers to Employer

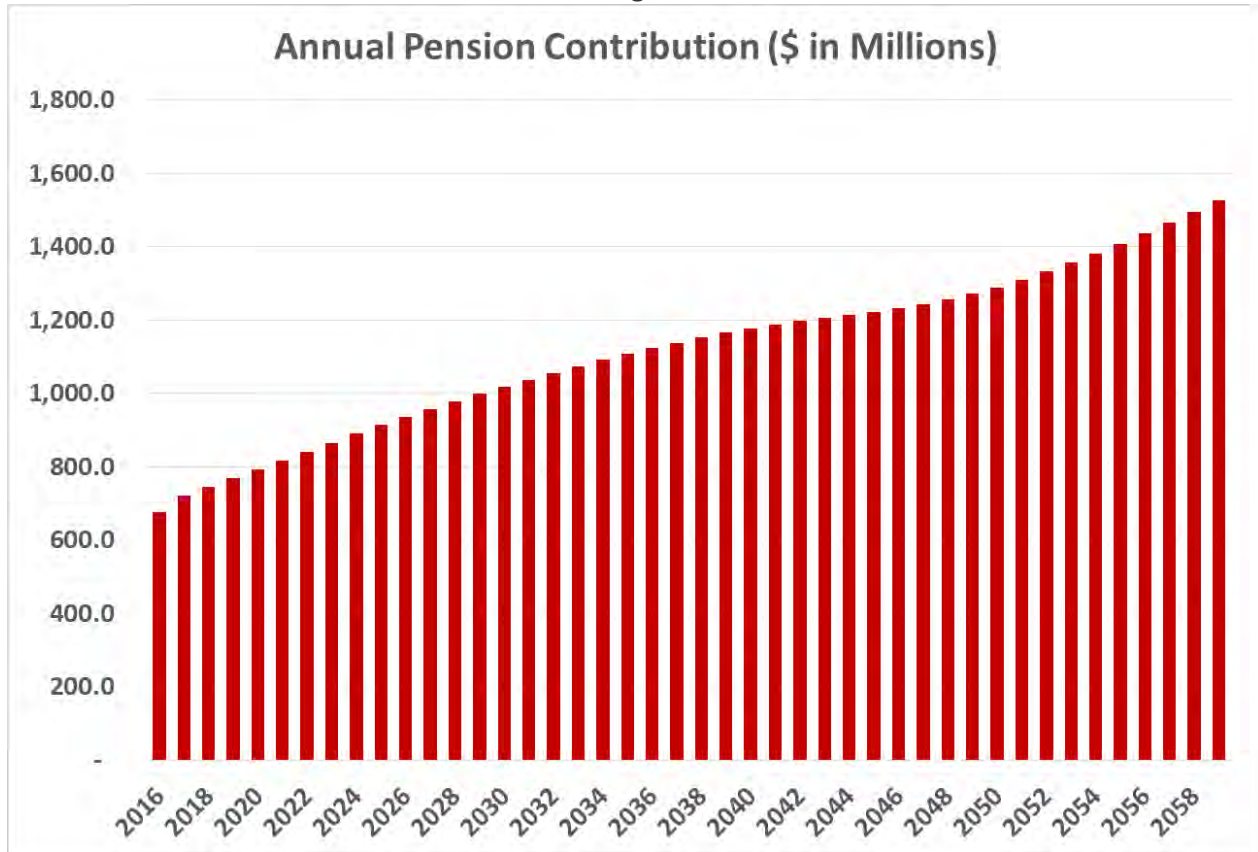
Although many factors, including decisions at both the State and local levels, contributed to the decline, CPS now must make up the shortfall through increased contributions that divert money away from classrooms.

#### **CPS’s Pension Contributions Continue to Grow**

Without long-term pension equity in Illinois, increasing pension payments will continue to draw resources that could otherwise be spent in the classroom. CPS’s required employer pension obligation will rise every year until 2059 in the absence of comprehensive pension funding equity. In FY17 however, CPS will be able to decrease its payment by \$170 million compared to FY16, because of an additional \$215 million from the state that is partially offset by a \$45 million increase in the total FY17 required contribution.



**Chart 5: CPS Employer Pension Contributions Will Continue to Grow Every Year until 2059  
When 90% Funding Ratio is Reached**



### **Pensions Crowd Out Classroom Spending**

In the past three years, CPS has made almost \$2 billion in pension payments to CTPF. Since FY14, when the pension payment jumped by \$400 million to a total of over \$600 million, CPS has turned to a series of one-time fixes to pay for pension costs and prevent significant school budget reductions. In FY14, the district used reserves to balance the budget and ended the year with expenses exceeding revenue by \$513 million.

In order to make the full \$634 million payment due for FY15, CPS had to borrow an extra \$200 million *on top of* the \$500 million it had already borrowed to address its cash shortages. The district made the full payment on time on June 30, 2015, but using borrowed funds. The following day, the district announced significant cuts.

To balance the FY16 budget and account for CPS' nearly \$700 million pension payment, CPS cut school budgets by nearly 5 percent in the middle of the school year, instituted three District-wide furlough days and drew down its nearly \$900 million lines of credit.

For FY17, the General Assembly and Governor reached a compromise that allows CPS to reinstate a dedicated pension tax levy that that will produce new revenue directly for pensions. CPS may levy the new tax annually at a rate not to exceed 0.383%, and it is initially estimated to generate approximately \$250 million per year. This new tax is not subject to the Property Tax Extension Limitation Law – more

commonly known as “tax caps” – so in the future this portion of CPS’ annual employer contribution will not have a negative impact on spending in the classroom (see Senate Bill 318, now Public Act 99-0521).

Moreover, as part of the larger compromise, the Governor agreed to provide \$215 million in discretionary funding to CTPF in FY17 – in other words, normal pension costs – when the General Assembly passes pension reform for the State retirement systems. Current language in the Illinois Pension Code allows CPS to deduct State contributions to CTPF from our employer contribution, so when Senate Bill 2822 ultimately becomes law, then CPS will receive an additional \$215 million in pension relief in FY17. CPS takes seriously the State’s commitment and compromise to fund the District’s normal pension costs, and includes this commitment in the District’s budget.

### **The Continued Importance of Pension Funding Equity**

Thanks to the actions taken by the General Assembly and Governor in the Special Session that ended June 30, 2016, CPS will be able to open schools on time this September and protect classrooms. Senate Bills 318 and 2822 represent important initial steps toward the goal of achieving true pension funding equity in Illinois. Chicago taxpayers are once again making a significant contribution to solving the District’s funding inequity with the new property tax created by SB318. In addition, SB 2822 is an important first step toward enshrining the principle of pension parity, but permanent reforms will need to be enacted for coming years. Ultimately, CPS’ structural budget deficit will not be eliminated until pension funding equity across Illinois is achieved for all districts, including our downstate, suburban and rural partners that are advocating for the state to fully and equitably fund education for students in poverty.

## Capital

The FY17 budget for Chicago Public Schools includes a capital plan totaling \$338 million for school repair, improvement, modernization, and overcrowding relief.

The fiscal uncertainty CPS faced in the spring precluded the District from releasing a comprehensive capital plan. Since then, however, support from Springfield has given CPS the ability to balance its operating budget and put forth a capital plan that addresses many of the District's needs.

This year's capital budget includes \$266 million of funding provided by CPS through bond financing, and \$72 million from the City of Chicago and Federal E-Rate funding. The \$266 million of CPS funding represents a significant increase from the \$90 million proposed for FY17 in last year's 5-year plan. This increase is due primarily to the new Capital Improvement Tax levy approved by the Board and passed by the City Council in 2015.

The Capital Improvement Tax (CIT) levy is an annual property tax levy dedicated exclusively to school construction projects. In order to provide much needed overcrowding relief, major facility repairs and improvements, and upgrades to the District's IT infrastructure, CPS plans to issue bonds to fund capital projects, using the annual CIT levy to fund debt service and principal payback on the bonds.

As of the FY17 budget release, CPS is working to determine the total amount of bond proceeds that can be raised against the CIT levy. As such, this capital budget includes only \$233 million in CIT-bond funded projects. (An additional \$33 million from CPS' July bond issuance will be used to fund FY17 capital projects.) CPS expects to issue a supplemental capital budget in the fall to account for the remainder of the proceeds. This will give CPS additional time to receive community input and further prioritize the projects funded by bond proceeds.

Under the leadership of Mayor Rahm Emanuel, CPS and the Board of Education have provided over \$1.7 billion since FY12 to build new schools, provide playgrounds and air conditioning, improve access to technology with new computers and expanded bandwidth, expand academic programs (career and technical education programs, for example), and make core investments in our facilities to repair roofs, fix chimneys, and replace or repair boilers and other mechanical systems. This has been done to ensure students have a high quality learning environment to support their education.

Today, nearly \$400 million in capital projects are underway at over 60 schools, each supporting this vision of expanding high-quality academic options for families across the city.

CPS' 5-year capital plan will include investments in overcrowding, deferred maintenance, targeted site improvements and emergency projects. Given the uncertainty of funding going forward, however, a comprehensive plan is not available at this time; full details on the FY17 Capital Plan are available at the Capital Plan website - [www.cps.edu/capitalplan](http://www.cps.edu/capitalplan). This plan will be updated with the supplemental plan that will be announced this fall.

### **Addressing Classroom Overcrowding**

Last year's capital plan included only \$10 million in investments to relieve classroom overcrowding. As such, CPS is dedicating \$119 million in bond funds – plus \$54 million in TIF funds – toward this effort. The

FY17 capital budget includes investments at some of the District's most overcrowded schools. Annexes at Byrne (135% utilization rate), Skinner West (120%), and Zapata (140%) and modular classrooms at Dawes (138%) and Bridge (231%) will provide necessary additional space for each school.

Additionally, the FY17 capital budget includes investments in new buildings to relieve overcrowding at Dore (170% utilization rate) and South Loop Elementary School (126%). The South Loop Elementary School expansion will be funded entirely by TIF proceeds.

### **Prioritize Building Needs**

The current FY17 capital plan proposes \$32 million in investments to address our most urgent facility needs. As CPS works to prioritize the needs across the District, the FY17 capital budget provides \$20 million of funding for emergency facility repairs and \$6 million for minor maintenance repairs across the District. These funds are essential in managing the emergency work that arises throughout the year.

The FY17 budget also includes nearly \$6 million in funding for Emergency Plumbing Repairs, for any schools in which lead abatement projects are necessary. \$0.5 million for student ADA accommodations is also included.

CPS anticipates including additional building condition projects in a future supplemental budget this fall once our funding capacity is determined and projects are prioritized according to our latest building assessments.

### **Technology, Programmatic and Air Conditioning Investments**

The FY17 capital budget includes \$108 million for additional investments in technology, programmatic, and air conditioning upgrades to CPS buildings.

**Continuing to improve school internet access for enhanced learning.** With the assistance of \$18 million from the federal E-Rate program, CPS is investing nearly \$51 million to upgrade internet access in classrooms to support 21<sup>st</sup> century learning opportunities. This initiative will ensure that every elementary school will have a minimum Internet bandwidth of 100mb and each high school 1GB, further enabling online learning and moving the district towards its goal of supporting one to one device connectivity at every school.

In addition to the upgrades to school internet access, CPS is investing nearly \$6 million in IT infrastructure and systems upgrades and \$0.9 million in new security cameras and metal detectors to help ensure student safety.

**Investments in educational programming.** The FY17 capital budget includes investments in new educational programming at three schools: Dyett HS, Dunbar HS, and William H. Brown ES.

Dyett HS will re-open for the 2016-17 school year as an open enrollment neighborhood school with a focus on the arts. CPS is investing over \$14 million dollars to renovate Dyett and establish a preeminent arts program within the school.

Dunbar HS will begin the 2016-17 school year with Chicago's first comprehensive trade program, Chicago Builds, focusing on employment in the construction and building trades. An investment of \$4.4 million will provide new labs and equipment to train a citywide cohort of students in skills to pursue careers in these fields.

William Brown ES will add Science, Technology, Engineering and Math (STEM) programming in the 2016-17 school year, as CPS invests \$4.7 million in classroom and lab space to accommodate the new programming.

**Air conditioning in classrooms.** The FY17 capital budget includes \$27 million to install air conditioning at 61 schools, completing the Mayor’s initiative of installing air conditioning in every classroom. Since announcing in 2013 a 5-year plan to install air conditioning in every classroom, the plan has been completed substantially ahead of time and under budget. The schools and campuses receiving air conditioning investments in FY17 are outlined in the table below.

**Table 1: FY17 Air Conditioning Investments**

Amundsen HS	Kilmer	Richards HS
Bennett	King ES	Roosevelt HS
Bogan HS	Lake View HS	Ruggles
Bouchet	LaSalle II	Shoop
Chicago Tech Academy	Lincoln Park HS	Stagg
Clark, G	Lovett	Suder
Cook	Lowell	Sullivan HS
Cooper	Madison	Sumner
Crown	Manley HS	Tanner
Darwin	Mann	Tilden HS
Dunbar HS	Marshall HS	Till
DuSable Campus	Mason	University of Chicago Chtr - Donoghue
Epic Charter HS	North Lawndale Charter - Christiana	University of Chicago Chtr - Woodlawn
Field	Parkside	University of Chicago Chtr - Woodson
Foreman HS	Peace & Education HS	Urban Prep Chtr - West
Gage Park HS	Perez	Warren
Gale	Perspectives Charter - IIT	Wells HS
Graham	Perspectives Charter - Leadership Academy	Whistler
Harlan HS	Phillips HS	Yates
Hirsch HS	Phoenix Military HS	
Kelly HS	Piccolo	

## Transparency

The District’s FY17 Capital Plan is available on the interactive capital website at [cps.edu/capitalplan](http://cps.edu/capitalplan), providing community members with easy access to detailed information on all capital projects that are planned and underway. The site allows users to quickly select projects by school, geographic area, type, and year. It also allows users to scroll over an interactive map to gather details by area. The site has been designed to encourage public engagement and comment.

Over the next few months, CPS will engage communities as we develop a supplemental capital plan to address overcrowding relief, deferred maintenance, and targeted school improvements with the proceeds of bonds issued against the Capital Improvement Tax levy.

## SOURCES AND USES

The FY17 Capital Budget totals \$337.5 million and will be funded by a combination of CPS resources, state funding, a federal grant, and TIF funding. In total, approximately \$266 million comes from CPS resources, and \$72 million comes from outside support. Below is a summary of the sources and uses of the FY17 Capital Budget by project type.

**Table 2: Sources and Uses**  
(In Thousands)

Sources		
Debt Proceeds	\$	265,907
Federal Grants	\$	17,600
TIF Funding	\$	54,000
<b>Total FY17 Capital Budget Sources</b>	<b>\$</b>	<b>337,507</b>

Uses		
<b>Building Repairs and Modernization</b>	<b>\$</b>	<b>116,657</b>
Facility Needs		12,230
Air Conditioning		27,000
IT & Other Projects		57,427
Contingency		20,000
<b>Programmatic Investments</b>	<b>\$</b>	<b>23,760</b>
<b>Relieving Overcrowding</b>	<b>\$</b>	<b>173,180</b>
<b>Other</b>	<b>\$</b>	<b>23,910</b>
Capital Project Support Services		22,910
Legal/Regulatory Requirements		1,000
<b>Total FY17 Capital Budget Uses</b>	<b>\$</b>	<b>337,507</b>

## IMPACT OF FY17 CAPITAL PROJECTS ON OPERATING BUDGET

All projects considered for inclusion in the annual capital budget are analyzed for their projected impact on the District's operating budget. For some projects this year, the capital investment supports a programmatic or academic investment in the operating budget, and both the operating and capital investments were approved concurrently. In other instances, we expect to see savings, such as energy savings, but these are difficult to quantify. Below are details of the operating impact by project type, with savings expressed as a negative number in parentheses and additional operating costs expressed as a positive number.

## **OVERCROWDING RELIEF**

### **Modulars and Annexes**

**\$2.1 Million**

The addition of new modulars at Dawes and Bridge, annexes at Byrne, Skinner West, and Zapata, and new buildings for South Loop and Dore increases the overall need for facilities support personnel, district utility costs, and building maintenance costs. We estimate this total to be approximately \$2.1 million annually.

## **FACILITY NEEDS**

### **Emergency Facility Repairs and Maintenance**

**Energy Savings**

Investments in facility repairs and maintenance are expected to have a small positive impact on the operating budget through energy savings. Repairing roofs and windows and replacing old mechanical equipment will allow CPS to heat and cool its buildings more efficiently. These repairs and replacements, once addressed, also free up building maintenance personnel to focus on other building needs. ADA accommodations to buildings will have no additional operating budget impact.

### **Emergency Plumbing Upgrades**

**No Impact**

Replacement of plumbing fixtures and upgrades to building plumbing systems will have no impact operating budget. There is potential for limited operating savings as any newer fixtures require less maintenance than older fixtures.

## **FACILITY UPGRADES**

### **Air Conditioning**

**\$0.5 Million**

The installation of air conditioning throughout the District creates an increased demand for electricity. The cost of the additional electricity varies with weather conditions as well as other factors, but we estimate the increase in annual utility costs during typical usage to be \$0.5 million.

## **IT & OTHER PROJECTS**

### **Information Technology and Other Projects**

**(\$5 Million)**

The Information Technology (IT) projects in the FY17 capital budget consist of infrastructure, hardware, or software implementation that does not trigger any additional operating costs. The ongoing support for these projects will be absorbed by current available staff, resulting in no increase to the District's operating budget. The upgrade to HR systems and Student Information Systems Replacement will drive operating savings once implemented as the new systems will free up staff time. Additionally, the Asset Management System will result in an estimated \$5 million in operating savings in year one once fully implemented.

New security equipment will add additional costs to the operating budget for maintenance and repair of additional equipment, however we expect these costs to be limited as we fit the new equipment into our current maintenance and repair plan. The new equipment associated with the School Data Network and Wireless Upgrades project will cost less than current equipment to maintain, but revised maintenance costs are still to be determined.

## **PROGRAMMATIC**

### **Programmatic Investments and Dyett HS, Dunbar HS, and Brown ES**

**\$1.9 Million**

The re-opening of Dyett HS will result in an operating impact of \$1 million for operating and maintaining an additional building and operating investments associated with the new arts program. Base instructional costs will not be impacted, as funds for those students would be allocated elsewhere if the students had enrolled at another school. Operating investments in new programming at Dunbar and Brown will add an additional \$0.9 million to the operating budget.

## **OTHER**

**Capital Project Support Services/Legal Requirements****(\$23.9 million)**

Capital Project Support Services and Legal Requirements are paid out of capital funds because of their sole focus on capital-funded projects. Due to this funding classification, the operating budget is able to spread the cost of these items over several years, saving \$23.9 million in operating expenses in FY17.

**CAPITAL PROJECTS FUNDS**

The Summary of Capital Projects Funds table shows capital revenues and capital outlays (expenses) to be incurred in FY17 regardless of the year the project was appropriated. The Fund Balance (unspent revenues received in prior years) accounts for the difference in expected FY17 capital outlay versus revenues. For example, if the District raised \$400 million in bond proceeds during a fiscal year but only expensed \$300 million in the same time period, the remaining \$100 million would carry forward in the Fund Balance for use during the following fiscal year.

**Table 3: FY14 - FY16 Summary of Capital Projects Funds**  
(In Millions)

	<b>FY15 Actual</b>	<b>FY16 Estimate</b>	<b>FY17 Estimate</b>
<b>Beginning-Year Fund Balance</b>	\$ (92.0)	\$ (133.9)	\$ 87.8
<b>Revenues</b>			
Local	155.5	96.6	39.4
State	32.1	33.6	14.8
Federal	6.4	0.3	6.0
Total Revenue	194.1	130.5	60.2
<b>Expenditures</b>			
Capital Outlay	384.5	266.4	227.1
<b>Bond Proceeds</b>	148.5	357.6	331.0
<b>Transfer Out to Debt Service Stabilization Fund</b>	0.0	0.0	0.0
<b>End-of-Year Fund Balance</b>	\$ (133.9)	\$ 87.8	\$ 251.9

Local revenue of \$39.4 million includes \$29 million from reimbursements from TIF-related projects and \$10 million from other local funding sources.

The state revenue total is comprised of \$13.3 million in gaming revenue for new construction projects and \$1.5 million from Illinois Green Infrastructure Grants for prior year capital projects.

The federal revenue total is an expected \$6 million in Federal E-Rate funding for upgrades to the District's IT infrastructure.

Table 3 outlines capital funds spent each fiscal year by the year in which the funds were appropriated. For a more detailed view into FY16 spending, CPS will publish a report by September 30, 2016 that offers a breakdown of funds by project, source, and other categories.



**Table 4: Capital Spending by Year (FY13 - FY17)**

	Total Appropriation	FY2013A	FY2014A	FY2015A	FY2016E	FY2017E	Remaining Appropriation
Prior Year/Other Expenditures		419.2	118.2	82.5	10.2	16.5	-
FY2013 Capital Budget	473.3	74.3	310.7	23.6	1.2	0.5	63.0
FY2014 Capital Budget	347.5	-	84.7	125.8	73.9	25.1	38.0
FY2015 Capital Budget	509.9	-	-	152.6	119.1	49.4	188.9
FY2016 Capital Budget	160.3	-	-	-	62.1	44.5	53.7
FY2017 Capital Budget	337.5	-	-	-	-	91.1	246.4
<b>Total Spend by Year</b>		<b>\$ 493.5</b>	<b>\$ 513.6</b>	<b>\$ 384.5</b>	<b>\$ 266.4</b>	<b>\$ 227.1</b>	<b>\$ 590.0</b>

All values in millions

A=Actual E = Estimated

**CHANGES TO FY17 BUDGET FROM FY16 FIVE-YEAR CAPITAL PLAN**

Last year, as part of the District's Five-Year Capital Plan, CPS proposed \$90 million in capital investments for FY17. As discussed previously, the District's need to relieve overcrowded classrooms and additional funding from the new Capital Improvement Tax have allowed CPS to increase its FY17 contribution to capital projects to \$266 million.

Table 4 lists the school-based projects added to the FY17 Capital Budget from last year's five-year plan.

**Table 5: School Projects Added to FY17 Capital Budget**

Project	CPS Funded	Outside Funded
<b>Overcrowding Relief</b>	<b>\$ 119,180,000</b>	<b>\$ 54,000,000</b>
Byrne - Annex	\$ 20,000,000	\$ -
New Clearing School	\$ 44,240,000	\$ -
South Loop Elementary Expansion	\$ -	\$ 54,000,000
Skinner West - Annex	\$ 20,000,000	\$ -
Dawes - Modulares	\$ 7,500,000	\$ -
Bridge - Modulares	\$ 5,200,000	\$ -
Zapata - Annex	\$ 22,240,000	\$ -
<b>Programmatic Investments</b>	<b>\$ 23,760,000</b>	<b>\$ -</b>
Dyett	\$ 14,620,000	\$ -
Dunbar - CTE Program	\$ 4,440,000	\$ -
Brown, W - Program		
Improvements	\$ 4,700,000	\$ -
<b>Air Conditioning</b>	<b>\$ 27,000,000</b>	<b>\$ -</b>

Seven projects to relieve overcrowding were added to the FY17 capital budget as CPS did not have sufficient resources in the FY16 capital budget to address District overcrowding issues.

New programmatic investments are included in the FY17 capital budget to re-open Dyett HS and establish new educational programming and Dunbar HS and William Brown ES.

CPS also increased its commitment to complete the plan to add air conditioning to every classroom in every school. 61 schools, listed previously, will receive air conditioning to create more comfortable and more productive learning environments in classrooms.

## **Debt Management**

Chicago Public Schools' (CPS) Capital Improvement Program, described in the Capital chapter, each year funds a variety of investments such as relieving overcrowding, playgrounds, air conditioning, expanded bandwidth and new computers, and core investments in our facilities to repair or replace infrastructure and mechanical systems. This work creates a high quality learning environment to support a high quality education.

CPS funds the Capital Improvement Plan largely through the issuance of bonds. Bonds are debt instruments that are similar to a loan, requiring annual principal and interest payments. Most of these bonds are repaid from General State Aid (GSA) revenues. Since GSA is also a major revenue source for core academic priorities, we face a continuing challenge in balancing the day-to-day classroom needs with the need for quality educational facilities.

### **Debt Overview**

As of June 30, 2016, the Board of Education has \$6.9 billion of outstanding long-term debt and \$870 million of outstanding short-term debt. FY17 includes appropriations of \$563 million for alternate bonds and PBC payments.

CPS continually reviews the affordability of its capital program, minimizes debt issuance costs and monitors existing debt for any cost-saving opportunities as part of its efforts to meet budget challenges. Because of the size of the operating budget gap and the significant financial challenges facing the district, CPS has significantly reduced its capital plan and as a result the debt service associated with funding those projects.

### **Debt Profile**

CPS has established the following debt management goals to balance costs, risks and liquidity needs:

- To terminate swap agreements and reduce the District's reliance on scoop-and-toss borrowing
- To borrow at the lowest cost of funds available in the market and balanced against acceptable risk levels
- To maintain an appropriate allocation of debt products and to refinance existing debt, given market access and conditions
- To maintain the strongest credit ratings possible, given current financial constraints
- To fund a capital plan that balances the need for new construction with the affordability of additional debt issuance

### **Types of Obligations**

The Board is authorized by state law to issue notes and bonds and to enter into lease agreements for capital improvement projects. CPS issues Alternate Revenue General Obligation Bonds. As with most school districts, CPS issues bonds backed by the full faith and credit of the Board, otherwise known as General Obligation (GO) Bonds. These GO bonds are paid for from all legally available revenues of the Board.

CPS issues a special type of GO bond called an "Alternate Revenue" GO Bonds. These bonds are backed by two revenue sources and offer a number of other bondholder protections. The first revenue source is a property tax levy which is available to support debt service should the Alternate Revenue not be available. In addition to the property tax levy, CPS uses "Alternate Revenues" to repay its bonds (e.g. GSA). With these revenues available to pay debt service, the property tax can be and is abated every

year. As a result, CPS bonds have two dedicated revenue sources, property taxes and the specific alternative revenue, which provide an additional layer of security for bondholders. The Board is authorized to issue Alternate Revenue Bonds after adopting a resolution and satisfying public notice publication and petition period requirements in lieu of a voter referendum, which is typical in other school districts. The bonds are also supported by the General Obligation pledge of the Board that it will use all legally available revenues to pay debt service.

The Alternate Revenues supporting CPS bonds are GSA, Personal Property Replacement Taxes (PPRT), revenues derived from intergovernmental agreements with the City of Chicago, property taxes and federal interest subsidies. The majority of CPS bonds are backed by GSA. In FY17, \$373 million in GSA revenues will be required for debt service. CPS also anticipates using \$20 million of the Debt Service Stabilization Fund to reduce GSA needed to fund debt service and help reduce the impact of debt service on the operating deficit.

In addition to debt service funded by GSA, \$58 million of debt service is paid from PPRT. Debt service paid from PPRT revenues also reduces PPRT revenues available for operating purposes. Additionally, \$96 million in debt service is paid by revenue resulting from Intergovernmental Agreements with the City of Chicago.

The Public Building Commission (PBC), a local government entity which manages construction of schools and other public buildings, has in the past sold bonds which rely on CPS property tax levies. No PBC bonds have been issued since 1999 and these bonds expire in 2020. The FY16 budget includes \$52 million in payments for principal and interest on these bonds.

CPS has benefitted from issuing bonds with federal interest subsidies, resulting in a very low cost of borrowing. These include Qualified Zone Academy Bonds (QZABs), which provide capital funding for schools in high-poverty areas, Qualified School Construction Bonds (QSCBs), and Build America Bonds (BABs), the latter two created by the American Recovery and Reinvestment Act of 2009 (ARRA). With the expiration of ARRA, new QSCBs and BABs are no longer available, although the federal government continues to pay the interest subsidy to CPS. The FY16 budget includes \$25 million of federal subsidies for debt service.

As a result of the passage of PA 98-0018 in June 2013, CPS began annually receiving State School Infrastructure Fund monies as part of the State School Construction Program. CPS received approximately \$13.3 million in FY15. CPS anticipates it will continue to receive approximately \$13.3 million annually. Revenues are being applied toward the funding of the construction of new schools and other projects. If needed, CPS can issue debt to be paid for from these revenues.

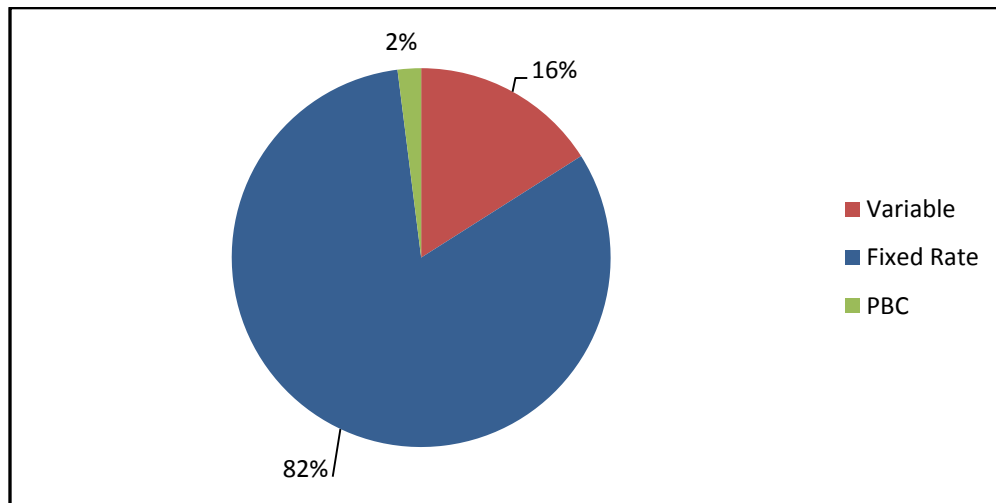
In FY16, a capital improvement property tax was levied in the amount of \$45 million. CPS expects to be able to use these revenues to either fund capital projects or debt service for bonds used to fund capital projects. This levy is allowed to grow at CPI annually and steps up by \$143 million in FY2032. CPS is exploring ways to maximize revenue from the CIT.

#### **Debt Management Tools and Portfolio Mix**

As part of the Debt Management Policy, CPS is authorized to use a number of tools to manage its debt portfolio including refunding of existing debt, issuing fixed or variable-rate bonds, and issuing short-term or long-term debt. These tools are used to manage various types of risks, to generate cost savings, to address interim cash flow needs and to assist capital asset planning.

Typically, CPS issues fixed-rate bonds which pay a set, agreed upon interest rate according to a schedule established at the time of debt issuance. However, about 16 percent of CPS's debt is variable rate, which means that the interest rate is not set and can fluctuate.

**Chart 1: Summary of Fixed Rate and Variable Rate Debt  
(as of June 30, 2016)**



Additionally, the Board entered into 10 interest rate swaps from 2003 to 2007. An interest rate swap is an agreement between two parties (known as counterparties) where one stream of future interest payments is exchanged for another based on a specified principal amount. The Board's swaps generally convert the variable rate paid to bondholders to a fixed rate through the exchange of interest payments with its counterparties. No swaps have been entered into since 2007 and the district has no intention to use swaps going forward.

In March 2015, each of Moody's Investor Service, Standard & Poor's Rating Service and Fitch Ratings downgraded the long-term credit of the Board to below investment grade. Once two long-term ratings of the Board were below the equivalent "Baa2"/"BBB"/"BBB" by Moody's, Standard and Poor's and Fitch respectively, this began to trigger certain defaults, additional termination events and increases to interest rate charges in connection with the Board's various interest rate swap agreements, lines of credit, loans, variable rate debt and letters of credit.

As of March 2015, when termination events were triggered on the majority of the Board's swaps, the estimated termination value of the total swap portfolio was \$275 million. The total amount of termination payments made by the Board in connection with the swap terminations was \$234 million, of which \$142 million was paid from the Board's Debt Service Stabilization Fund and \$86.4 million was paid from the proceeds of the Board's 2015B TAN. The reduction in the termination payment of the \$40 million resulted from the Board's negotiations with the swap counterparties for below market termination payments as well as improved market performance. As of December 3, 2015, the Board terminated all ten of its previously outstanding interest rate swaps.

## **Credit Ratings**

The Debt Management Policy of CPS provides guidance for debt management as well as capital planning and supports the Board's ability to manage its debt in a conservative and prudent manner. One of the goals of the policy is to ensure that CPS maintains the highest possible credit rating among the credit agencies. These agencies are independent entities and their purpose is to give investors, or bondholders, an indication of the creditworthiness of a government entity. A high credit score can lower the cost of debt issuance, much the same way a strong personal credit score can reduce the interest costs of loans and credit cards. Ratings consist of a letter "grade", such as A, BBB, BB or B, and a credit "outlook", or expectation of the direction of the letter grade. Thus, a "negative outlook" anticipates a downgrade to a lower letter grade, a "stable outlook" means the rating is expected to remain the same, and a "positive outlook" may signal an upgrade to a higher, better rating.

CPS meets frequently with the credit rating agencies about its budget, audited financial results, debt plan, and management initiatives to ensure the agencies have the most updated information possible. The primary rating factors for CPS concern management, debt profile, financial results and economic and demographic factors.

CPS's current credit ratings from Standard and Poor's, Fitch Ratings, Moody's Investor Service and Kroll Bond Rating Agency (added in FY15) are B+, B+, B2, BBB, respectively. All rating agencies hold CPS on a negative outlook. Just as a high credit ratings can mean lower borrowing costs, deterioration in credit ratings due to the continuing budget deficits have started to lead to an increase in interest expenses for CPS.

### **FY17 Challenges**

FY17 presents a challenging environment for CPS to maintain ratings and issue bonds. CPS faced a series of downgrades in FY16 due to challenges surrounding State funding, CPS' continued drawdown on reserves, and limited ability to raise revenues. These downgrades increase CPS' cost of borrowing, further increasing revenues needed to pay debt service. CPS continues to advocate for long-term funding solutions with our partners in Springfield. In addition to stable funding, this will also likely improve CPS' ability to access the capital markets.

Additionally, as CPS continues to issue debt to invest in the District's facilities, debt service will rise annually. Because CPS funds its debt from GSA, each additional dollar of debt service reduces GSA dollars available for the classroom. In FY17, approximately \$373 million of GSA is required to fund debt service, representing 47 percent of the district's unrestricted GSA. By 2021, \$467 million of GSA will be required to fund debt service, or 58 percent of unrestricted GSA. The percentage of GSA used for debt service is slightly lower this year as compared to previous years due to the \$102M increase in GSA funding provided by the State. Similarly, approximately \$58M (in FY16 through FY20) of Replacement Taxes are used for debt service, revenues that would otherwise be available for operating purposes.

In FY17, the budget assumes that CPS will use approximately \$20 million of one-time transfer from the Debt Service Stabilization Fund (DSSF) to pay for debt service on bonds. This reduces the amount of operating dollars necessary to cover debt service.

In previous years, CPS received a modest amount of state revenues for school construction through the state's School Construction Program to offset the amount of GSA needed for debt service. In FY15, \$59 million of these revenues were applied toward the repayment of existing debt and helped to increase the amount of GSA available for operating purposes. In FY16, no state School Construction revenues were available to offset GSA-funded debt service and none are expected for FY17.

The draw down on reserves and fund balance to help support the operating fund presents liquidity challenges as discussed in the Cash Management Chapter. In order to provide sufficient liquidity to cover daily operating expenses, CPS will issue working capital lines of credit. These working capital lines of credit are issued as Tax Anticipation Notes (TANs) which are repaid from property taxes. The pending line of credit will be repaid from the 2016 tax year which is collected largely in FY17.

#### **FY16 Debt Service Costs**

As shown in the table below, FY17 includes total appropriations of \$563 million for alternate bonds and PBC payments.

CPS is required to set aside debt service a year in advance for GSA funded debt and one-and-a-half years in advance for PPRT funded debt service. These payments are held in trust with an independent trustee, as required by the bond indentures. Therefore, the FY16 Revenues shown for the Debt Service Funds represent the amount that is to be set aside for these future debt payments.

Because of this set-aside requirement, the majority of the appropriations for FY17 represent the amount that is to be paid from revenues set aside in the prior year. Table 1 provides information on the debt service fund balance at the beginning of the year, the expenditures that are made from the debt service fund and the revenues that are deposited to the fund to largely fund the debt service requirements for the following fiscal year.

**Table 1: FY15-17 Summary of Debt Service Funds**  
(In Millions)

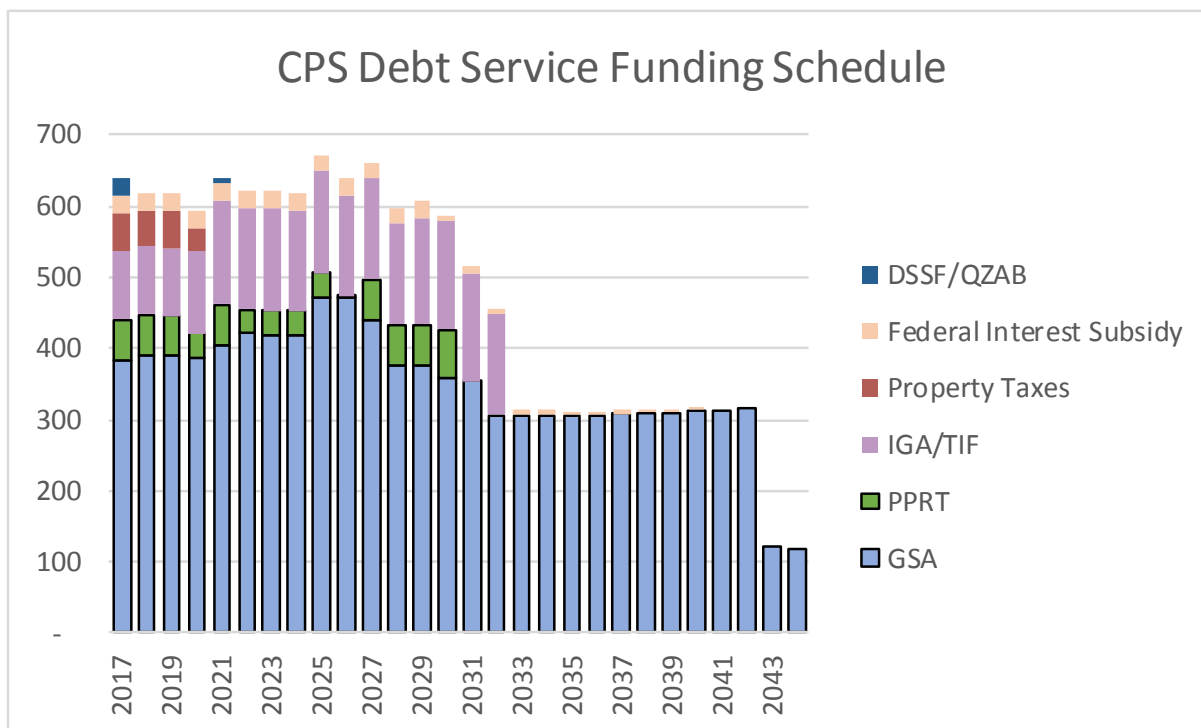
	FY15	FY16	FY17
	Actual	Estimated	Budget
<b>Beginning Fund Balance</b>	<b>726.8</b>	<b>602.4</b>	<b>462.8</b>
<b>Revenues:</b>			
Revenues			
Property Taxes	51.8	52.0	52.0
PPRT	58.3	58.3	58.3
State Aid (e.g., GSA)	236.2	42.9	373.4
Federal Interest Subsidy	24.9	24.8	24.8
Other Local (City IGA and Interest Earnings)	10.9	95.5	95.5
Capital Improvement Tax		<b>35.0</b>	<b>35.0</b>
<b>Total Revenue</b>	<b>382.1</b>	<b>308.5</b>	<b>614.2</b>
<b>Expenses:</b>			
Existing Bond Principal payment		146.6	129.3
Existing Bond Interest payment		389.0	431.4
Fees		2.5	2.5
<b>Total Existing Bond Debt Service</b>	<b>533.5</b>	<b>538.1</b>	<b>563.2</b>
<b>Other Financing Sources</b>			
Net amounts from debt issuances (incl. capitalized interest)	<b>26.6</b>	94.5	8.5
Discount	<b>(12.5)</b>	-	-
Transfers in/(out)	<b>12.9</b>	(4.5)	-
<b>Ending Fund Balance</b>	<b>602.4</b>	<b>462.8</b>	<b>522.3</b>

#### **Future Debt Service Profile**

GSA and PPRT revenues needed to pay bondholders are in direct competition with resources needed to ensure we continue to fund priorities that drive academic achievement. GSA and PPRT revenues needed to fund debt increases significantly from \$373 million in FY16 to \$467 million in FY21.

The following graph illustrates the fiscal challenges of CPS's debt obligations on currently outstanding bonds. This graph does not show the impact of any future bonds required to support future capital budgets or debt restructuring.





\*Does not include future capital project bond financings or short-term line of credit interest costs. GSA and PPRT in light blue and green would be funds otherwise available for the operating fund.

### Measuring Debt Burden

External stakeholders such as taxpayers, unions, parents, government watchdog groups, rating agencies, and bondholders frequently review CPS’s debt profile to gauge its size and structure as a crucial component of CPS’s financial position. In addition to evaluating the total amount of debt outstanding and the annual debt service payments, those evaluating CPS’s financial picture also look at our “debt burden.” The purpose is to gauge how much taxpayers bear in debt costs and determine how much debt is affordable for residents, which establishes true debt capacity. Several methods of measuring debt burden are commonly employed for school districts; these include comparing existing debt to legal debt limits, measuring debt per capita and measuring debt as a percentage of operating expenditures.

#### Legal Debt Limit

The Illinois School Code imposes a statutory limit of 13.8 percent on the ratio of the total outstanding property tax-supported debt that a school district may borrow compared with a school district’s equalized assessed value, which generally represents a fraction of total property value in the district. Because the Board has issued alternate revenue bonds for which property tax levies are not extended, these bonds do not count against the legal debt limit imposed by the Illinois School Code. Therefore, total property tax supported debt is extremely low at less than 1 percent of the legal debt limit.

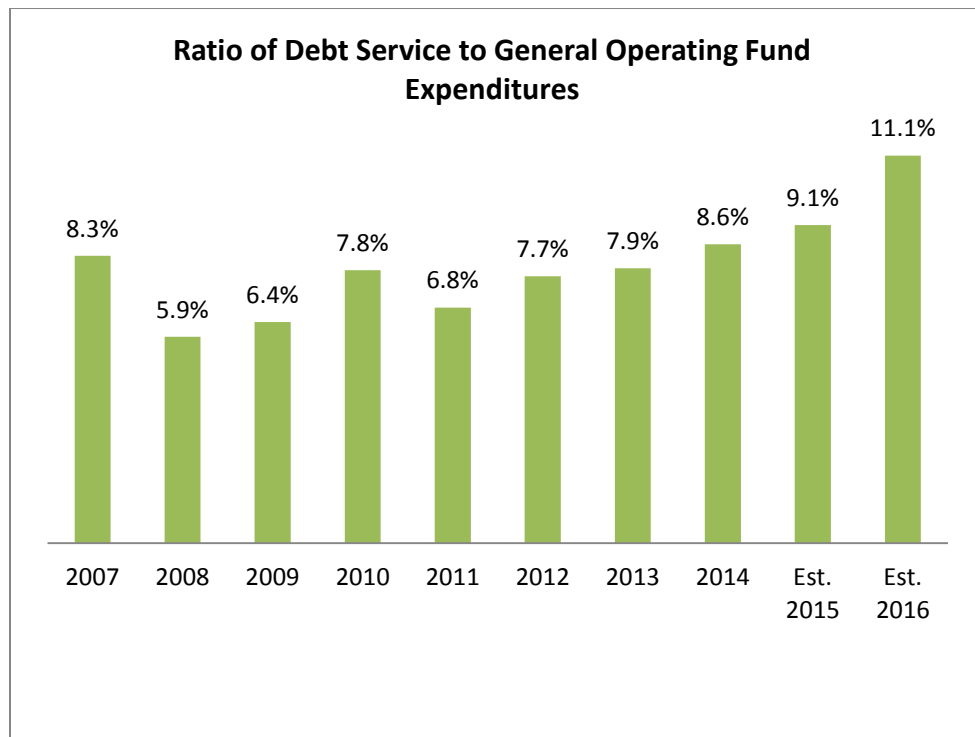
#### Debt Per Capita

The Board’s per capita debt burden, or total debt divided by the City of Chicago’s population, has increased in the last decade. As reported in the FY15 Comprehensive Annual Financial Report, general obligation debt per capita in FY15 is \$2,252. This is still considered moderate to slightly above average relative to other comparable school districts.

#### Debt as a Percent of Operating Expenditures

Another way of measuring the total debt burden is by dividing annual debt service expenditures by operating fund expenditures. Based on this method, the debt burden for FY15 and FY16 are estimated at

9.1 and 11.1 percent of total operating expenditures respectively, reflecting the increased debt burden as a result of recent bond issues.



A copy of the Debt Management Policy is available at the Board's website at <http://policy.cps.k12.il.us/download.aspx?ID=42>

**OUTSTANDING DEBT**  
**as of June 30, 2016**

Debt Outstanding at 06/30/2015 Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
PBC Series A of 1992	1/1/1992	1/1/2020	101,850,000	Property Tax
PBC Series B of 1999	3/1/1999	12/1/2018	55,930,000	Property Tax
Unlimited Tax G.O. Series 1997A*	12/3/1997	12/1/2030	5,389,260	IGA / PPRT
Unlimited Tax G.O. Series 1998B-1*	10/28/1998	12/1/2031	248,345,510	IGA / PPRT
Unlimited Tax G.O. Series 1999A*	2/25/1999	12/1/2031	405,325,082	IGA / PPRT
Unlimited Tax G.O. Series 2002A	9/24/2002	12/1/2022	28,360,000	IGA
QZAB Series 2003C	10/28/2003	10/27/2017	4,585,000	State Aid
Unlimited Tax G.O. Refunding, Series 2004A	4/6/2004	12/1/2020	74,480,000	PPRT / State Aid
Unlimited Tax G.O. Series 2005AB	6/27/2005	12/1/2032	197,100,000	PPRT / State Aid
QZAB Series 2006A	6/7/2006	6/1/2021	6,852,800	State Aid
Unlimited Tax G.O. Series 2006B	9/27/2006	12/1/2036	289,525,000	State Aid
Unlimited Tax G.O. Series 2007B	9/4/2007	12/1/2024	197,765,000	IGA / PPRT
Unlimited Tax G.O. Series 2007C	9/4/2007	12/1/20	4,150,000	IGA / PPRT
Unlimited Tax G.O. Series 2007D	12/13/2007	12/1/2029	169,195,000	State Aid
Unlimited Tax G.O. Series 2008A	5/13/2008	12/1/2030	262,785,000	IGA / PPRT
Unlimited Tax G.O. Series 2008B	5/13/2008	3/1/2034	185,350,000	State Aid
Unlimited Tax G.O. Series 2008C	5/1/2008	12/1/2032	464,655,000	State Aid
Unlimited Tax G.O. Series 2009D	7/29/2009	12/1/2022	45,340,000	State Aid
Unlimited Tax G.O. BAB Series 2009E	9/24/2009	12/1/2039	518,210,000	State Aid / Federal Subsidy
Unlimited Tax G.O. QSCB Series 2009G	12/17/2009	12/15/2025	183,888,300	State Aid
Unlimited Tax G.O. QSCB Series 2010C	11/2/2010	11/1/2029	257,125,000	State Aid
Unlimited Tax G.O. BAB Series 2010D	11/2/2010	12/1/2040	125,000,000	State Aid
Unlimited Tax G.O. Refunding Series 2010F	11/2/2010	12/1/2031	169,155,000	State Aid
Taxable Unlimited Tax G.O. Refunding Series 2010G	11/2/2010	12/1/2017	22,735,000	State Aid
Unlimited Tax G.O. Series 2011A	11/1/2011	12/1/2041	402,410,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C-1	12/20/2011	3/1/2032	43,600,000	State Aid
Unlimited Tax G.O. Refunding Series 2011C-2	12/20/2011	3/1/2032	44,100,000	State Aid
Unlimited Tax G.O. Series 2012A	8/21/2012	12/1/2042	468,915,000	State Aid
Unlimited Tax G.O. Series 2012B	12/21/2012	12/1/2035	109,825,000	State Aid
Unlimited Tax G.O. Series 2013A-1	5/22/2013	3/1/2026	89,990,000	State Aid
Unlimited Tax G.O. Series 2013A-2	5/22/2013	3/1/2035	124,320,000	State Aid
Unlimited Tax G.O. Series 2013A-3	5/22/2013	3/1/2036	157,055,000	State Aid
Unlimited Tax G.O. Series 2015A	3/26/15	3/1/2032	89,200,000	State Aid
Unlimited Tax G.O. Series 2015G	3/26/15	3/1/2032	88,900,000	State Aid
Unlimited Tax G.O. Series 2015CE	4/29/15	12/1/2039	300,000,000	State Aid
Unlimited Tax G.O. Series 2016A	2/8/16	12/1/2044	725,000,000	State Aid

Debt Outstanding at 06/30/2015 Chicago Public Schools	Closing Date	Maturity Date	Principal Outstanding	Pledged Funding Source for Debt Service
<b>Total Principal Outstanding</b>			<b>6,666,410,952</b>	

\*Excludes accreted interest accrued on 0% coupon capital appreciation bonds, short-term line of credit and \$150,000,000 par amount of Series 2016B Bonds that were issued after 6/30/16.

## SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY\*

as of June 30, 2016

(\$ in Thousands)

Fiscal Year ending June 30	Total Existing General Obligation Bond Principal	Total Existing General Obligation Bond Interest	Total Existing G.O. Bond Debt Service	PBC Leases	TOTAL
2017	88,387	371,149	459,536	52,020	511,555
2018	166,551	370,429	536,980	52,069	589,050
2019	191,824	370,704	562,528	52,099	614,627
2020	204,490	377,637	582,127	30,635	612,763
2021	229,739	384,570	614,309		614,309
2022	241,863	376,436	618,299		618,299
2023	250,473	367,996	618,469		618,469
2024	257,002	355,154	612,156		612,156
2025	265,488	344,922	610,410		610,410
2026	330,039	331,472	661,511		661,511
2027	344,681	314,770	659,451		659,451
2028	298,621	299,731	598,352		598,352
2029	262,543	340,407	602,950		602,950
2030	271,383	322,190	593,573		593,573
2031	270,124	302,637	572,761		572,761
2032	235,915	333,777	569,692		569,692
2033	161,565	149,476	311,041		311,041
2034	170,530	139,242	309,772		309,772
2035	180,140	128,307	308,447		308,447
2036	190,135	117,081	307,216		307,216
2037	201,040	105,566	306,606		306,606
2038	212,795	93,814	306,609		306,609
2039	225,320	81,288	306,608		306,608
2040	238,520	68,085	306,605		306,605
2041	252,860	53,747	306,607		306,607
2042	268,025	38,580	306,605		306,605
2043	283,580	23,023	306,603		306,603
2044	105,000	11,375	116,375		116,375
2045	110,000	3,850	113,850		113,850
<b>TOTAL</b>	<b>\$6,508,633</b>	<b>\$6,577,415</b>	<b>\$13,086,048</b>	<b>\$186,824</b>	<b>\$13,272,872</b>

\* Excludes \$150,000,000 par amount of Series 2016B Bonds that were issued after 6/30/16.

## Cash Management

CPS receives revenues at different times than when it pays expenses throughout the year. As a result, CPS cash flow experiences peaks and valleys throughout the year depending on when revenues and expenditures are received and paid. Further, revenues are generally received later in the fiscal year while expenditures, mostly payroll, are level across the fiscal year, with the exception of debt service and pensions. The timing of these two large payments occur just before major revenue receipts as well. The impact of these trends in revenues and expenditures causes cash flow pressures for the District.

In FY2016, \$3.8 billion or 75 percent of CPS' revenues were received after February, more than halfway into the fiscal year. Payroll and vendor expenses make up 87 percent of the District's expenditures and are spent relatively equally from September through July, the timing for payments across the school year. The annual debt service payment is made in mid-February, just prior to the receipt of \$1.2 billion of the first installment of property tax revenues. The annual pension payment is made in late June, just before CPS received \$1.1 billion of its second installment of property taxes due August 1. These variations in when the District receives revenue and make payments puts pressure on CPS' liquidity and creates significant peaks and valley for cash flow.

Most organizations set aside reserves in order to weather these peaks and valleys in cash flow. The Board policy requires that the Board maintain an operating reserve of at least 5 percent of the total operating and debt service budget and the Government Finance Officers Association recommends reserve levels between 5 and 15 percent of spending. However, given the financial challenges facing the District and in order to make the annual pension payment, CPS had drawn down on its reserves since FY13. By FY15, reserves had been drawn down and the Board began to use a line of credit to cover cash flow needs. When reserves are depleted, CPS no longer has the cash reserves available to weather the volatility of cash flow.

Starting in FY15, in order to address these liquidity issues, the District issued a working capital line of credit. A working capital line of credit allows the Board to borrow money to pay for expenditures when cash isn't available and then repay the borrowing when revenues become available. The State statute provides CPS with the ability to issue this type of cash flow borrowing through a Tax Anticipation Note (TAN). In FY16, CPS issued a total of \$1,065 million in TAN to support liquidity. CPS plans to issue a TAN in FY17 to support liquidity.

Borrowing from a line of credit requires that CPS pay interest on these bonds. In FY17, the Board has budgeted approximately \$35 million in interest costs for the TAN.

### Revenues

CPS has three main sources of operating revenues: local revenues, state revenues and federal revenues. Below we describe the timing of receipt of each of these revenue sources.

**Local Revenues.** Local revenues are largely made up of property taxes. \$2.3 billion of property taxes a year are received in two installments, 96% of which received from February onwards, over half way through the fiscal year. The first installment due March 1 of approximately \$1.2 billion is received in the late February and March timeframe. The second installment of approximately \$1.1 billion in recent years is received in the July and August timeframe. The second installment of receipts is dependent on when the second installment due date is set – over the last four years this due date has been August 1-3.

**State Revenues.** State revenues are largely made up of General State Aid and Block Grants. General State aid makes up approximately 64 percent of the state revenues and are received regularly from August

through June in bi-monthly installments. Block Grant payments are not distributed regularly, and in FY2016, over 73 percent of these block grant payments were received on or after January 2016, in the second half of the fiscal year.

**Federal Revenues.** Federal revenues can only be received once the grants are approved by the State, which administers block grants on behalf of the federal government. Over the last two fiscal years, this approval hasn't occurred until about half way into the fiscal year. In FY2016, about \$613 million of federal revenues were received on or after December 2015, or 83 percent of the total.

## Expenditures

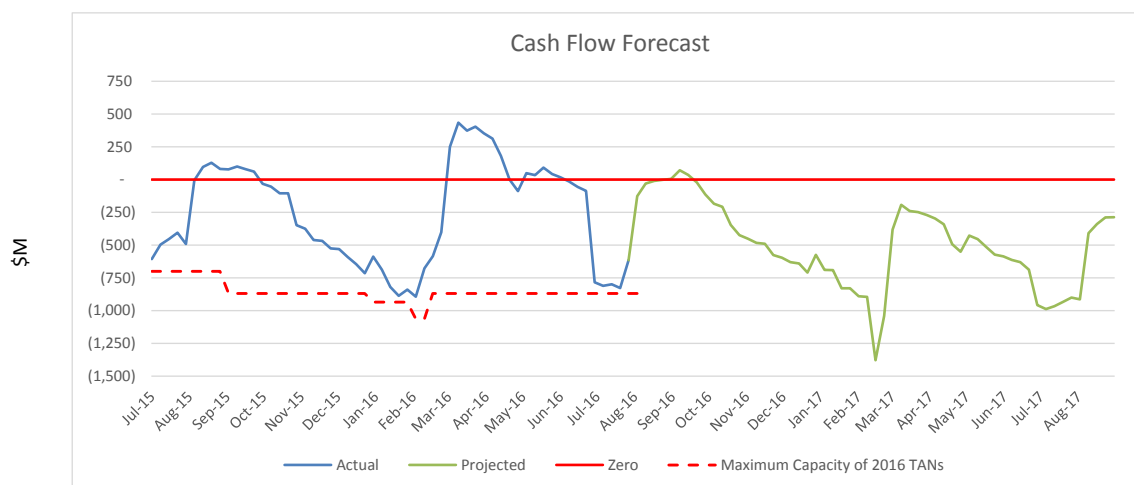
CPS expenditures are largely predictable and the timing of these expenditures can be broken down into four categories: payroll and vendor, debt service and pensions.

**Payroll and Vendor.** On the expenditures side, \$2.4 billion of CPS' expenditures is payroll and associated taxes, withholding and employee contributions. These payments occur every other week and most of the expenditures pay from September through July. Another \$2.6 billion of CPS vendor expenses are also relatively stable across the year.

**Debt.** Debt service is deposited into debt service funds managed by independent bond trustees once a year in mid-February. The timing and amount of these payments are dictated by the bond documents. Once the trustees have verified that the debt service deposit is sufficient, they provide a certificate to the Board which then allows the Board to abate the backup property tax levy that supports the bonds. In FY16, the debt service deposit from General State Aid was \$43 million in mid-February. This debt service deposit was significantly lower due to the \$200 million restructuring that the Board executed in the Series 2016A financing. The timing of this debt service deposit comes just before CPS receives approximately \$1.2 billion in property tax revenues.

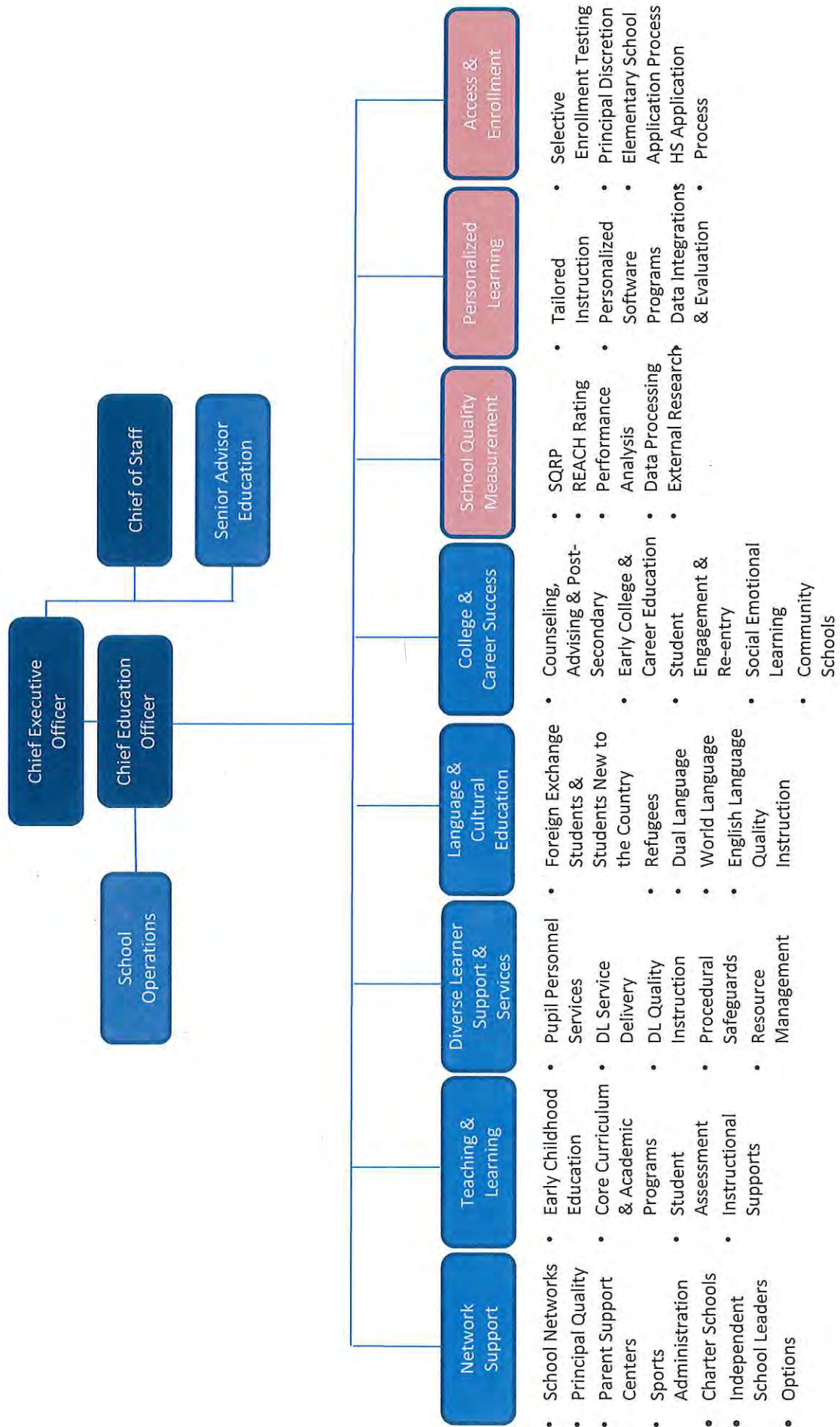
**Pension.** CPS makes the bulk of the pension payment in late June. In FY16, approximately \$15 million of the pension payment was made throughout the year with the remaining \$658 million made on June 30, 2016, the last day of the fiscal year. The timing of this pension payment comes just before CPS receives approximately \$1.1 billion in property tax revenues.

**Forecasted Liquidity.** The chart below provides CPS' liquidity profile in FY16 and FY17. The FY2017 liquidity forecast is based upon the proposed FY2017 budget as discussed more fully in the overall budget book.



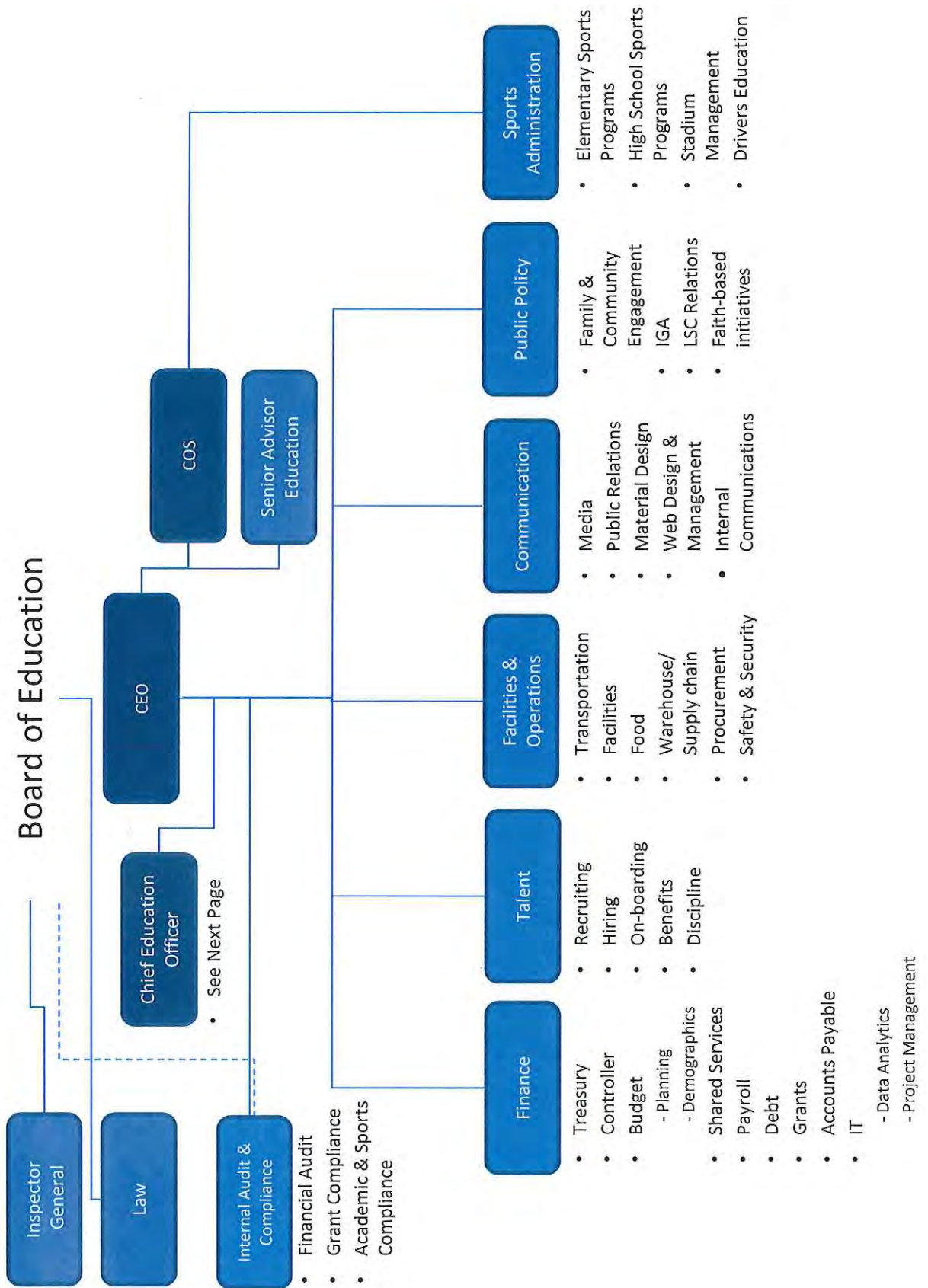
# Mayor

## Board of Education





# Mayor





## **Fund Balance Statement**

Maintaining a baseline level of fund balance, or financial reserve, enhances financial stability for any individual or organization. Just as individuals keep a balance in their checking accounts in case of emergencies, Chicago Public Schools (CPS) seeks to maintain a baseline amount of funds within its operating account to ensure smooth day-to-day operations. Additionally, financial reserves provide a cushion for year-to-year fluctuations in financial performance. Just like individuals experiencing financial challenges cannot maintain a checking account balance, CPS's financial challenges have meant that we, too, are unable to maintain a fund balance.

CPS adopted its Fund Balance and Budget Management policy<sup>1</sup> in August 2008. The goals of this policy are to maintain adequate fund balances in the various funds to provide sufficient cash flow for daily financial needs, to offset significant economic downturns or revenue shortfalls, to provide funds for unforeseen expenditures related to emergencies, and to secure and maintain strong credit ratings. The definition of fund balances in this context is assets in excess of liabilities that can be spent in times of need. To achieve these goals, the Board established the stabilization fund, an assigned fund balance (under Governmental Accounting Standard Board Statement No. 54) within the Operating Fund. The stabilization fund target baseline is a minimum of 5 percent of the operating and debt-service budgets.

While CPS acknowledges the importance of maintaining a minimum level of fund balance, it must balance this with advancing its core mission of ensuring that every child graduates college- and career-ready, even in the face of declining state revenues and statutorily-required increasing pension payments. Accordingly, in FY17 CPS will not maintain the stabilization fund balance at the target levels.

### **Use of Fund Balance**

In FY15, CPS changed its revenue recognition policy from 30 days to 60 days to reduce volatility at the end of the fiscal year, align with other government entities and better match revenue timing with expenditures. With the new policy, CPS had an additional \$648 million available in fund balance at the beginning of FY15. Most of this was used to close the FY15 budget gap, leaving only \$181.2 million in unrestricted fund balance to start FY16, well short of the general fund target.

With \$480 million in unrealized FY16 revenue, central office and schools worked together to achieve efficiencies and reduce spending while focusing on revenue collection. Even with the management efficiencies, midyear layoffs and furloughs successfully covering \$225 million of the \$480 million FY16 budget gap, the revenue shortfall in FY16 will leave the District with a negative general fund balance to start FY17. We are, however, anticipating ending FY16 with \$32.9 million in Workers' Compensation/Tort Fund balance, which we will draw down to cover expenses within that fund, ending FY17 at approximately \$20.7 million. However, this is well short of the target for this fund.

<sup>1</sup> Board Report 08-0827-PO8

**Table 1: Estimated Use of Fund Balance (in millions)**

Fund Balance by Type	FY15 Actual Balance	FY16 Estimated Use	FY16 Estimated End of Year Balance	FY17 Budgeted Use	FY17 End of Year Balance
<b>General Fund-for Appropriation</b>	79.2	79.2			
<b>General Fund-for Stabilization</b>	102.0	280.9	(178.9)	0.0	(178.9)
<b>Workers' Comp/Tort Fund (adjusted for revenue recognition)</b>	41.4	8.5	32.9	12.2	20.7
<b>Supp'l General State Aid (SGSA)<sup>2</sup></b>	46.5	1.5	45.0	45.0	0.0
<b>Other Special Revenue Funds</b>	17.6	(6.0)	23.6	23.6	0.0
<b>Not Available for Appropriation<sup>3</sup></b>	73.5	0.0	50.5	0.0	50.5
<b>Total Operating Fund</b>	<b>\$360.3</b>	<b>\$367.1</b>	<b>(\$26.9)</b>	<b>\$80.8</b>	<b>(\$107.7)</b>
<b>Debt Service Stabilization Fund</b>	57.1	36.5	20.6	20.5	0.1

**Fund Balance Targets**

The fund balance targets established in the policy address the General Fund, Workers' Compensation/Tort Fund, Supplemental General State Aid (SGSA) Fund, Debt Service funds, and Capital Projects funds. For the General Fund, the fund balance target is set between 5 and 10 percent of the total operating and debt service budgets. For the Workers' Comp/Tort Fund, the fund balance target is between 1 and 2 percent of the operating budget. For SGSA, the fund balance target is the full fund balance from the prior year. For the debt service funds, the amount should be sufficient to cover potential risks, as determined by the Treasury Department. All capital projects funds are re-appropriated for capital projects.

Given these targets and the fund balance estimates above, Table 2 below summarizes the fund balance status compared to targets.

<sup>2</sup> This fund balance must by statute be re-appropriated to the schools in the budget year where it was unspent in the current year.

<sup>3</sup> This includes funds set aside to pay for open purchase orders, services/goods received but not yet paid, and non-spendable fund balance, including endowments and prepaid assets.

**Table 2: Fund Balance Falls Short of Targets (in millions)**

<b>Fund Type</b>	<b>Estimated Balance at 6/30/2016</b>	<b>FY17 Fund Balance Target</b>	<b>Estimated Balance at 6/30/2017</b>
<b>General Fund</b>	\$38.4	\$299.0 (5%)	\$28.3
<b>Workers' Comp/Tort Fund</b>	\$32.9	\$54.6 (1%)	\$20.7
<b>Supplemental General State Aid Fund</b>	\$45.0	\$45.0	\$0.0
<b>Debt Service Stabilization Fund</b>	\$20.6	Enough to cover risks	\$0.1

Once again, the General Fund and the Workers' Comp/Tort Fund will not meet the fund balance targets at the end of FY17. CPS will ask the Board to extend the deadline to replenish the fund balance for FY17 and FY18 while it continues to seek a long-term solution to the pension inequity issue and reform state education funding.

As the district replaces its variable rate debt with fixed rate and after having fully exiting from swaps, the need for the Debt Service Stabilization Fund becomes minimal.

### **FY17 Plans for Replenishing the Fiscal Stabilization Fund**

CPS will continue the following policies in FY17:

- Partner with the Governor, the General Assembly, and the Chicago Teachers Union to build on the FY17 compromise, enacting pension equity so that Chicago taxpayers do not pay twice for teacher pensions, once for Chicago teachers and also for all other teachers.
- Encourage the state to reprioritize funding for education and reform its current education funding formula.
- Provide limited capital investment funded by CPS, consistent with the proposed FY17 Capital Improvement Program, and seek outside sources of funding wherever feasible.
- Secure private foundation grants to pay for enrichment programs as much as possible.
- Closely monitor spending to achieve savings and efficiencies wherever possible and continue streamlining administrative expenses.

## Fund Descriptions

A fund is a separate accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Funds are the control structures that ensure that public monies are spent only for those purposes authorized and within the amounts appropriated. The Board adopts legal budgets for all governmental fund types. The acquisition, use, and balances of the government's expendable financial resources and the related current liabilities are accounted for through governmental funds. Governmental funds that Chicago Public Schools utilizes have historically been divided into four types: General Fund, Special Revenue Funds, Capital Projects Funds, and Debt Service Funds

To control the budget and to comply with rules and regulations, accounts are organized into governmental funds, each of which is considered a separate accounting entity. Expenditures within each fund are further delineated by unit, grant, program, and account to more fully reflect the planned activities of the fund. The level of budgetary control (where management can compare budget to actual performance to demonstrate budgetary compliance) is established for each individual fund and within the fund by unit, grant, program, and account.

**CPS Fund Structure**

<b>Fund Type</b>	<b>Fund Name</b>	<b>Fund Number</b>
Operating Fund	<b>General Fund</b>	
	Education Fund	114, 115, 117, 124
	Building Operations and Maintenance Fund	230
Operating Fund	<b>Special Revenue Funds</b>	
	Tort Fund	210
	SGSA Fund	225
	IDEA Fund	220
	Lunchroom	312 - 314
	Other Grant Funds	324 - 369
Debt Service Funds	<b>Debt service funds</b>	514 - 699
Capital Projects Funds	<b>Capital projects funds</b>	401 - 499

### **General Fund**

The General Fund is the primary operating fund of the Board of Education. It was created in response to the provision of P.A.89-15, which consolidated all of the rate-limited tax levies into the Board's general education tax levy. The General Fund consists of the Education Fund and the Operations and Maintenance Fund.

- **Education Fund (Funds 114, 115, 117, 124)**

The Education Fund is used to account for the revenues and expenditures of the educational and service programs that are not accounted for in any other funds. It includes the cost of instructional, administrative, and professional services; supplies and equipment; library books and materials; maintenance of instructional and administrative equipment; and other costs pertaining to the educational programs. The

Education Fund contains the Special Education Fund (114), Regular Education Fund (115), Tuition-based Preschool Fund (117), and School Special Income Fund (124).

- The **Special Education Fund (114)** represents centralized service delivery activities and administrative outreach provided for students with disabilities. This fund is supported primarily by state special education reimbursements, and Medicaid reimbursements.
  - The **Regular Education Fund (115)** represents all instructional and service activities not accounted for elsewhere.
  - The **Tuition-based Preschool Fund (117)** keeps track of fees received and payments made for the paid preschool program for children whose parents are in need of a full-day education and child-care program for their three and four-year-old children or families who are not income-eligible for state or federally subsidized programs.
  - The **School Special Income Fund (124)** accounts for private foundation grants and donations that schools and departments secure on their own and revenues that schools generate for school-specific functions.
- **Building Operations and Maintenance Fund (Fund 230)**  
The Building Operations and Maintenance Fund supports the repair and maintenance of CPS buildings. The fund is used to account for expenditures for the minor improvement and repair of buildings and property, including the cost of improvement, repair, replacement, and maintenance of building fixtures. The fund also pays for ongoing maintenance costs such as the salaries and benefits of engineers and custodial employees, utility costs, and custodial supplies and equipment.

### **Special Revenue Funds**

Generally accepted accounting principles (GAAP) provide special revenue funds to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The use of a special revenue fund type is permitted rather than mandated for financial reporting purposes. For these purposes, CPS includes the special revenue funds within the General Operating Fund.

The Special Revenue Funds include the Supplemental General State Aid (SGSA) Fund, Workers' Compensation/Tort Fund, School Lunch Funds, and federal and state grant funds.

- **Supplemental General State Aid Fund (Fund 225)**  
The SGSA Fund was created to provide supplemental instructional services to students from low-income families. CPS is legally required to contribute funds from its General State Aid revenues. Prior to FY90, this funding supported basic as well as supplemental programs. With the passage of the Chicago Public Schools Reform Act of 1989, funding for supplemental programs increased for five years until it reached \$261.0 million in FY95, eliminating at the same time any funding for basic programs. Under this legislation, SGSA funding is mandated at a minimum of \$261.0 million per year, effective FY96.

Each school receives its share of the SGSA funds based on the number of students who receive free and reduced lunch. School principals develop programs in accordance with

their school improvement plans as required by the Act. Recommended programs include early childhood programs, class-size reduction, academic enrichment, attendance improvement, and remedial assistance.

- **Workers' Compensation/Tort Fund (Fund 210)**

The Tort Fund is established pursuant to the Tort Immunity Act (745 ILCS 10/1-101 et seq.) and the Illinois School Code (105 ILCS 5/34-1 et seq.). Property taxes constitute the primary funding source, and Section 9-107 of the Tort Immunity Act authorizes local public entities to levy a property tax to fund expenses for tort judgment and settlement, liability, security, Workers' Compensation, unemployment insurance, and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

- **School Lunch Funds (Funds 312, 314)**

The School Lunch Funds account for school breakfast, lunch, after-school snacks, Head Start snacks, and after-school meals for all children who participate in the programs during the school year. The National School Breakfast and Lunch Programs (Fund 312) are voluntary programs available to all public schools, private schools, and residential child-care institutions that agree to operate a non-profit program offering lunches meeting federal requirements to all children in attendance.

Since FY98, CPS has also been providing after-school meals for children under the Childcare and Adult Food Program; this activity is accounted for in Fund 314. The Childcare and Adult Food Program establishes a fixed reimbursement amount per meal for eligible students from 3 to 12 years of age who participate in after-school programs.

- **Federal and State Grant Funds (Funds 220, 324-369)**

Grant funds account for monies that have restrictions on their use imposed by grantors such as federal and state governments. Each specific project is accounted for separately using a complete group of self-balancing accounts so that the accounting and reporting requirements of the grantors are met.

### **Capital Projects Fund (Funds 401–499)**

The Capital Projects Funds are used to account for financial resources to be used for major capital acquisition or construction activities. Financial resources result from bond issues, receipts from other long-term financing agreements, or construction or maintenance grants to be used for school capital projects and capital leases. Proceeds from a bond issuance are often recorded in a separate capital fund, consistent with GAAP. However, an aggregated capital projects fund group is sufficient for the purpose of external financial reporting.

### **Debt Service Funds (Funds 514-699)**

The Board is authorized by state law to issue notes and bonds and to enter into leases for capital improvement projects and cash requirements. Debt service funds are established to account for revenues and appropriations that are used for the payment of principal, interest, lease payment, and other related costs. CPS frequently establishes a separate debt service fund for each bond issue, although they can be aggregated for reporting purposes.

- **PBC Lease Funds (Funds 514, 516, 518)**

These funds account for property tax revenues and lease payments to the Public Building Commission (PBC) for debt service on bonds that the PBC sold to fund capital projects for schools that the Board is leasing from the PBC. The Board has lease agreements with the PBC to pay principal, interest, and administrative fees for revenue bonds that the PBC issued to finance capital projects for schools that the Board leases from the PBC. These bonds rely solely on property tax levies.
- **Debt Service Stabilization Fund (Fund 602)**

This fund was established by the Board to provide for debt expenditures (e.g., debt service, swap, variable rate payments, and fees) and other uses approved by the Board.
- **Alternate Revenue Bond Funds (Funds 606-699)**

The Local Government Debt Reform Act of the State of Illinois allows the Board to issue alternate revenue bonds based on dedicated revenue sources. To support construction and renovation of school buildings, the Board has been issuing alternate revenue bonds since 1996. These funds account for pledged revenues and payments of principal, interest, and related fees on any alternate bonds.

## APPENDIX A

### DISTRICT AND COMMUNITY DEMOGRAPHICS

#### INTRODUCTION

Chicago has a rich history of economic growth and transformation. Our city set a global standard in the 19th century as an industrial giant, unmatched in its freight network and manufacturing might. It developed a strong base of esteemed manufacturing firms – involved in sectors from metal fabrication and electronics, to chemicals and food processing – supported by robust supply chains and an efficient transport and logistics infrastructure. By the late 20th century, the focus of the city and the region had expanded to embrace a knowledge-based economy, while developing a highly skilled workforce. Today the Chicago region has emerged as a major hub for the headquarters of national and global corporations and the sophisticated business and professional services necessary to support them, including finance, insurance, law, information technology (IT), marketing/PR and logistics.

The economy of Chicago and the region remains large and diverse, boasting a strong foundation of the physical, human, technological and institutional assets vital to a developed economy in the 21st century. Chicago is the only inland American city with a global footprint. It is the latest metropolitan area in the United States poised to cross the “megacity” threshold of a total population over 10 million. Chicago’s performance on productivity, income and wage levels has consistently exceeded U.S. averages. Its 2010 gross regional product of approximately \$500 billion places the Chicago region third among U.S. metro areas after New York and Los Angeles. If the region were a country, it would be the 20th largest economy in the world. Our city and region are global in character, with a substantial and growing foreign-born population and non-stop flights to over 200 destinations throughout around the world.

#### CHICAGO POPULATION

**Total population.** There are approximately 2.7 million people and 1 million households in Chicago, the third largest city in the US.<sup>1</sup> An estimated 23 percent of the population is under 18 years old.

**Race and ethnicity.** Among residents reporting one race, approximately 48 percent are White; 32 percent are Black or African American; 6 percent are Asian; less than 0.5 percent are American Indian or Alaska Native; less than 0.5 percent are Native Hawaiian and Other Pacific Islander; and 12 percent were some other race.<sup>2</sup> An estimated 2 percent reported two or more races. Across the above ethnic categories, approximately 29 percent are Hispanic or Latino.

**Income and poverty.** The median income for a household in Chicago is approximately \$55,000, with 12% of households having income below \$15,000 a year, and 13% at \$150,000 or more. Overall, an estimated 23% are in poverty, including 34% of children under 18 years old.

#### CHICAGO PUBLIC SCHOOLS ENROLLMENT

**Overview.** Chicago Public Schools is the nation’s third largest school district. In the 2015-16 school year, CPS enrollment was 392,285. As compared to the city’s population as a whole and as compared to students in the rest of the state, CPS’s enrollment has a higher proportion of minority students, low poverty students and English language learners.

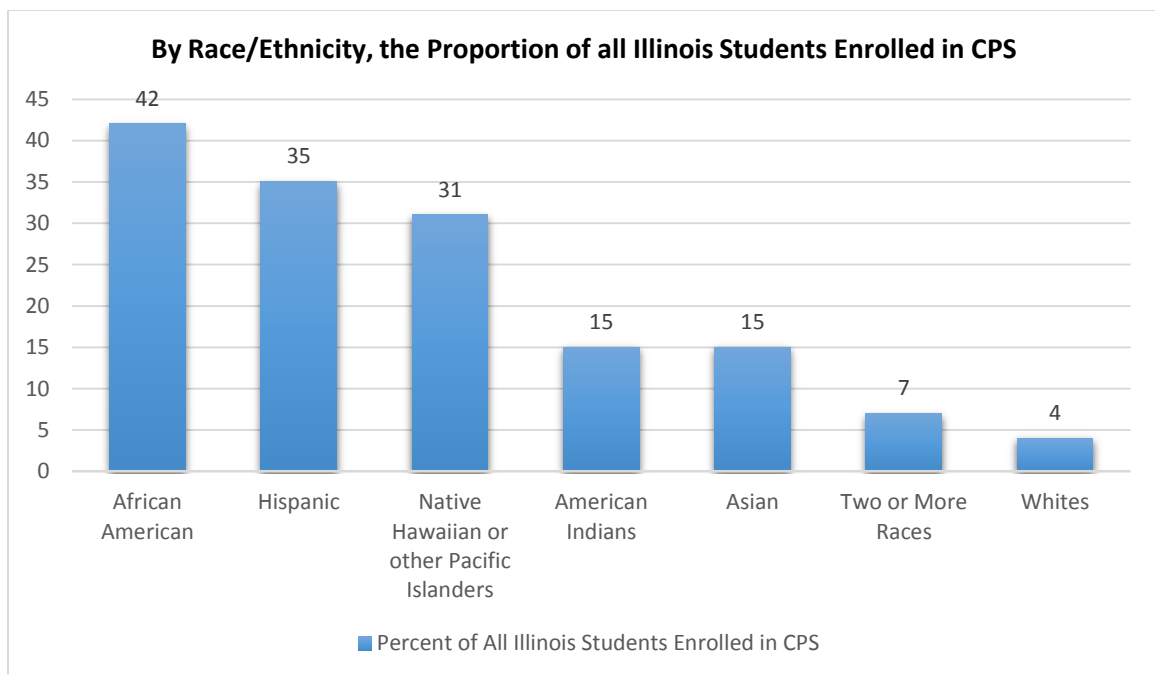
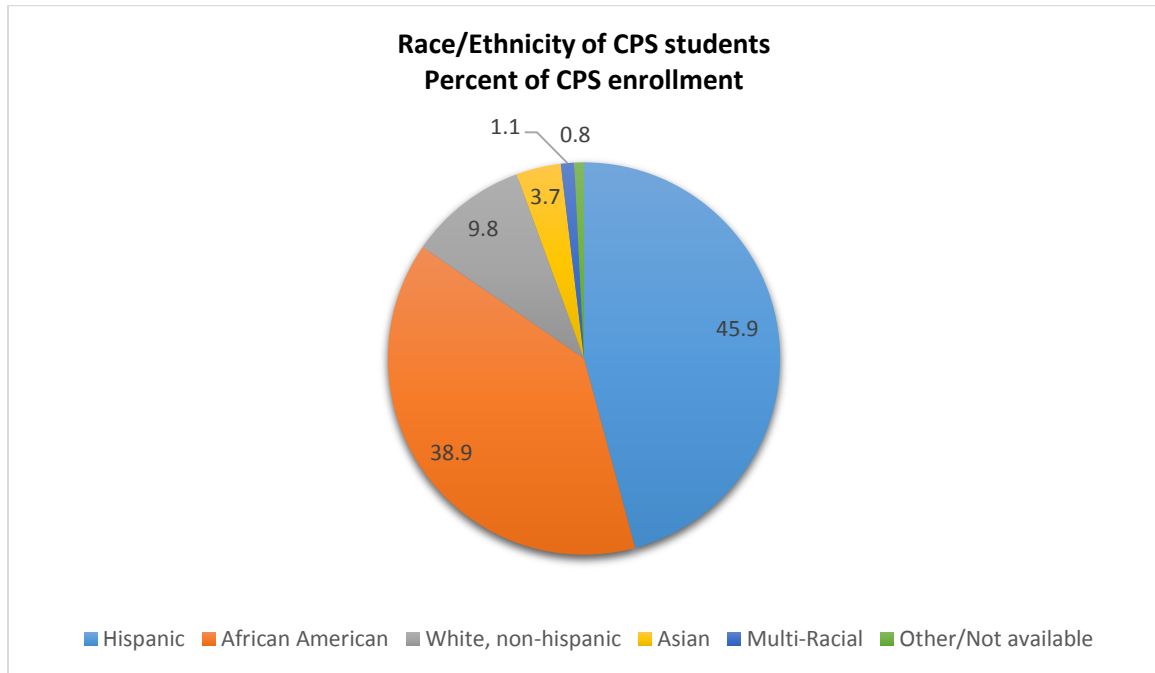
---

<sup>1</sup> As of the 2010 US Census.

<sup>2</sup> Race, ethnicity, income and poverty data from the US Census American Community Survey (2010-14).



**Race and Ethnicity.** 46% of CPS students are Hispanic, 39% are Black, 10% are White, 4% are Asian and 1% are multi-racial or other.<sup>3</sup> Of all students in the state of Illinois, CPS enrolls approximately 42% of the African Americans, 35% of the Hispanics, 31% of the Native Hawaiian or other Pacific Islanders, 15% of American Indians, 15% of Asians, 7% of Two or More Races and 4% of Whites.<sup>4</sup>



<sup>3</sup> School year 2015-16.

<sup>4</sup> CPS enrollment for school year 2015-16; Illinois enrollment from ISBE Illinois School Report Card (2015).

**English Language Learners.** English Language Learner (ELL) students are those eligible for transitional bilingual education, and for whom English is not considered their native language. In the 2015-16 school year, 67,326 CPS students were ELLs. This represented 17.2% of CPS student enrollment and nearly one-third (32%) of the ELLs in the State of Illinois. CPS students are nearly twice as likely to be ELLs as are students in the rest of the state. (An average of 8.7% percent of students are identified as ELL in schools districts throughout the rest of Illinois.) CPS offers bilingual education programs in 14 languages – including Spanish, Mandarin, Cantonese, Polish, Ukrainian, Arabic and Urdu – to address the needs of ELL students. In addition to bilingual education programs, transitional language programs serve students from 110 different language backgrounds.

**Income and Poverty.** Socioeconomically, CPS students are disproportionately low-income as compared to the rest of the state. Students defined as low-income are those students, aged 3 through 17, who come from families receiving public assistance, live in institutions for neglected or delinquent children, are supported in foster homes with public funds, or are eligible to receive free or reduced-price lunches. More than 80% of CPS students are from low income families, compared to less than 50% of students (approximately 48%) in the rest of the state.<sup>5</sup>

**Total Enrollment.** Over the last several years CPS has been:

- **Attracting a greater percent of the children born in Chicago:** CPS kindergarten enrollment in School Year 2015-16 was approximately 64% of the number of children born in Chicago five years ago that would have been age-eligible for kindergarten, higher than for any year between 2005-06 and 2010-11, when cohorts ranged between 56.7-63.0% of prior Chicago births.
- **Reducing dropout rates and improving graduation rates:** Between 2011 and 2015, CPS's 5-year cohort dropout rates fell from 39.8% to 25.9% and CPS's 5-year cohort graduation rate increased from 56.9% to 69.9%
- **Growing “market share” of Chicago students relative to private school options.** Between 2011 and 2015, CPS students as a percent of all students in Chicago's schools grew from **86.9% to 87.6%.**
- **Expanding early childhood education opportunities.** In the last two years alone, CPS increased the number of full day Pre-K classrooms from 70 to 223.

Nonetheless, CPS enrollment has declined by approximately 21,000 students since 2005.<sup>6</sup> CPS's recent enrollment history (as of 20<sup>th</sup> day) is shown below.<sup>7</sup> The official enrollment snapshot is taken on the 20th day of each school year.

---

<sup>5</sup> Students defined as low-income are those students, aged 3 through 17, who come from families receiving public assistance, live in institutions for neglected or delinquent children, are supported in foster homes with public funds, or are eligible to receive free or reduced-price lunches.

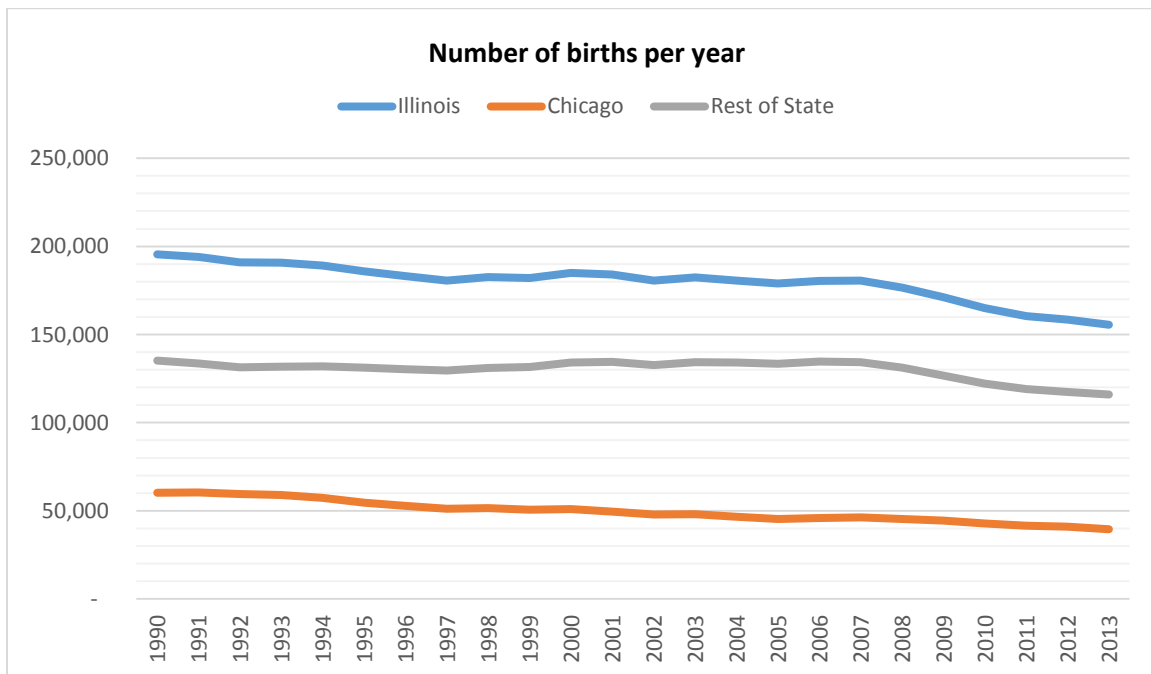
<sup>6</sup> Total enrollment figures do not include Pre-K students that are in community partnership programs. As of fall 2015, there were approximately 10,000 such students.

<sup>7</sup> Early childhood enrollment projections are also shown, but funding for early childhood programs is based on a number of factors beyond enrollment.

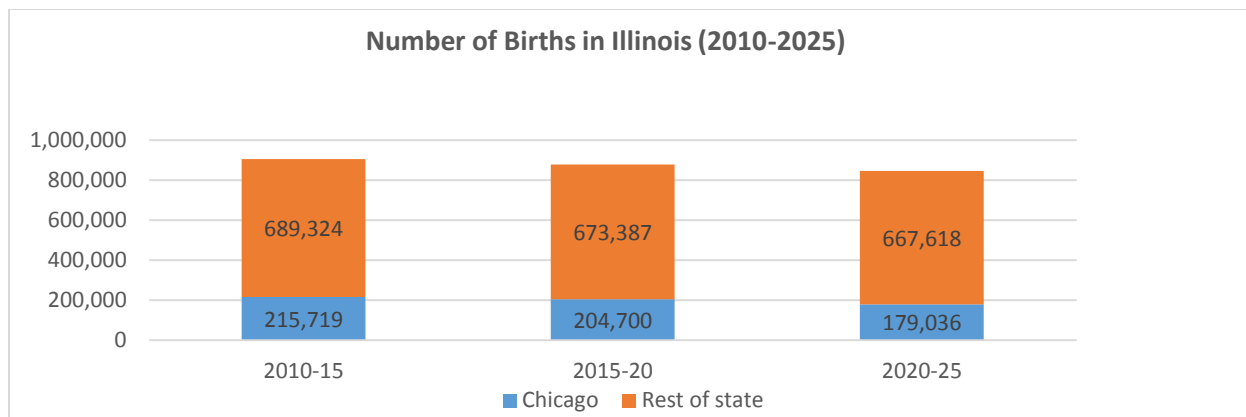
	Fall 2005 (FY06)	Fall 2006 (FY07)	Fall 2007 (FY08)	Fall 2008 (FY09)	Fall 2009 (FY10)	Fall 2010 (FY11)	Fall 2011 (FY12)	Fall 2012 (FY13)	Fall 2013 (FY14)	Fall 2014 (FY15)	Fall 2015 (FY16)
School-based PK*	21,363	21,388	23,325	24,370	24,247	23,705	24,232	24,507	23,671	22,873	22,555
Elementary Schools (K-8)	280,767	274,672	271,464	269,139	269,010	265,336	266,046	266,555	264,845	261,803	258,563
High schools (9-12)	111,564	112,541	113,166	115,770	115,314	113,640	113,873	112,399	112,029	112,007	111,167
<b>Total Enrollment</b>	<b>413,694</b>	<b>408,601</b>	<b>407,955</b>	<b>409,279</b>	<b>408,571</b>	<b>402,681</b>	<b>404,151</b>	<b>403,461</b>	<b>400,545</b>	<b>396,683</b>	<b>392,285</b>

\* Does not include nearly 10,000 students that are in community partnership programs. From FY06 to FY15, School-based PK includes preschool students at charter schools (355 in FY15); in FY16, these students will be enrolled in the community partner that operates the preschool program at the charter school.

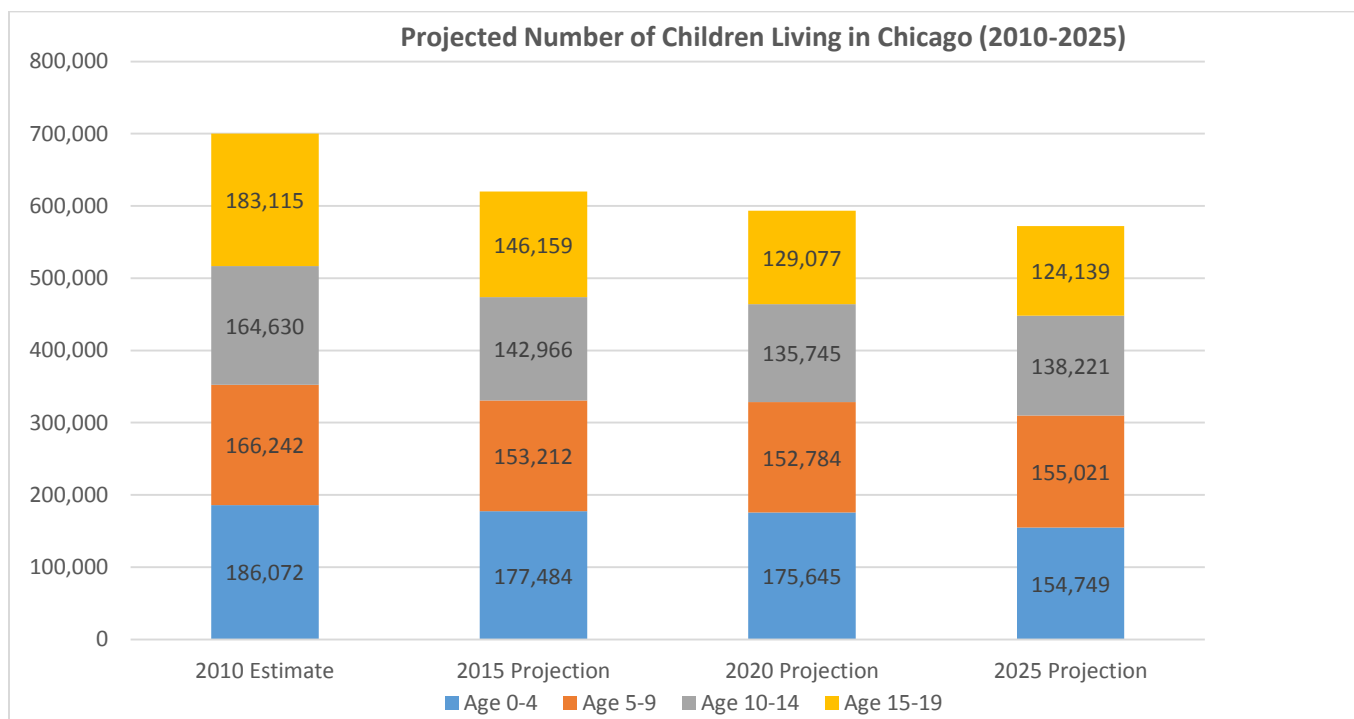
This enrollment trend has been driven primarily by declining birthrates, which is a trend that has impacted the rest of the state and country. Even though CPS now attracts a higher percentage of Chicago's children than it once did, the pool of children is smaller than it once was.



**Birth and population projections.** Projections from the Illinois Department of Public Health (IDPH) indicate that over the next 10 years, the number of children living in Chicago (on a citywide basis) is expected to decline. However, Chicago will continue to represent more than 20% of Illinois' births, and despite the overall decrease, there are large areas of the city that are expected to experience substantial growth: in particular, the central business area, South Loop, Near West, Northwest and the Southwest sides of the city.



Source: Illinois Department of Public Health, Illinois Facilities and Services Review Board, Certificate of Need Population Projections Project, 2014.

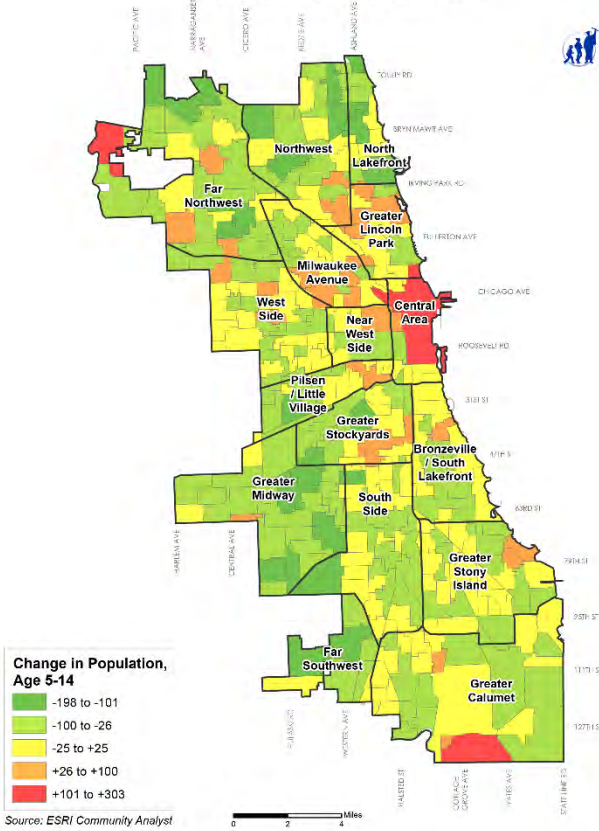


Source: Illinois Department of Public Health, Illinois Facilities and Services Review Board, Certificate of Need Population Projections Project, 2014.

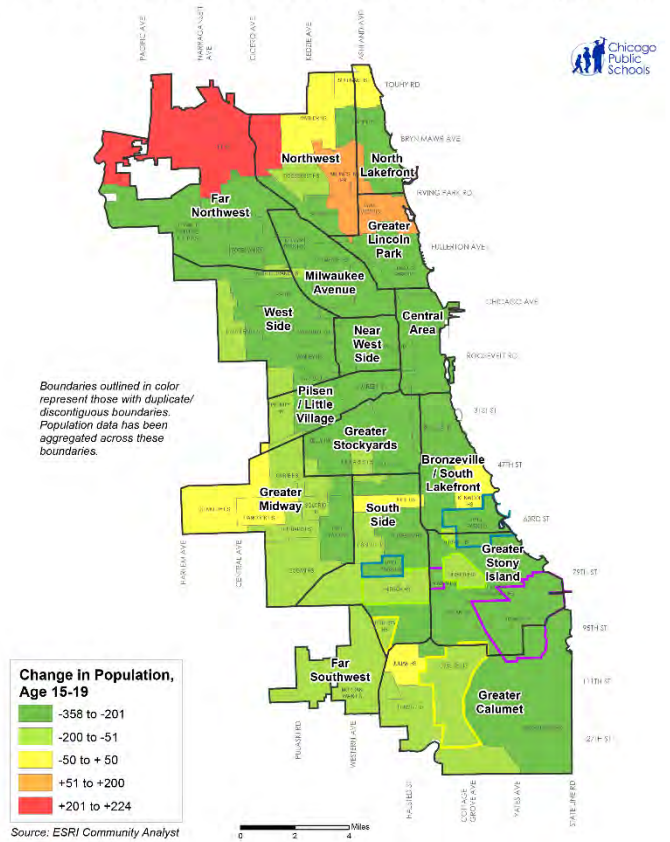
The following two maps show the expected population changes within CPS's existing elementary school boundaries (showing expected changes in the number of children residing in the area aged 5-14) and

within CPS's existing high school boundaries (showing expected changes in the number of children residing in the area aged 15-19). While population change does not always coincide with a change in enrollment, it is a strong indicator.

ELEMENTARY SCHOOL ATTENDANCE BOUNDARY  
POPULATION CHANGE, 2015-2020



HIGH SCHOOL ATTENDANCE BOUNDARY POPULATION CHANGE, 2015-2020



## **APPENDIX B**

### **SCHOOL FUNDING FORMULAS**

This appendix provides the funding formulas used to allocate resources to schools. This presentation is organized in the following sections:

- Student Based Budgeting
- Additional General Education Allocations to Charter/Contract Schools
- General Education Allocations to Specialty and District Options Schools
- Allocations of Special Education Teachers and Aides
- Special Education Funding for Charter/Contract Schools
- Allocations of Supplemental Bilingual Teachers for English Language Learners
- Allocations of Discretionary Funds

#### **STUDENT BASED BUDGETING (SBB)**

Student Based Budgeting is used to determine the base amount of resources that a school receives for core instruction.

SBB is a per-pupil funding allocation, weighted based on grade level and diverse learner category. We assign weights for different grade levels based on student need. In elementary schools, kindergarten to third grade students receive a higher weight to reflect the district's goal that class size should be lower in those grades. High school students receive a higher weight than elementary students because high schools require more resources, largely driven by the fact that high school teachers get two prep periods while elementary school teachers get one.

The base per-pupil rate at the beginning of FY16 was \$4,390. In February 2016, CPS announced that SBB funding would be reduced by annualized amount of \$120 million, effectively reducing the base per-pupil rate to \$4,087. Since the reductions were announced mid-year, SBB funding was reduced by only \$85 million in FY16, with the full impact of the \$120 million reduction to begin in FY17.

The FY17 base per-pupil rate is the same rate that was announced after the FY16 mid-year reductions: \$4,087.

Further, there is no change to the grade level weights used to determine SBB rates. Students in grades 4-8 receive the base per-pupil rate. Students in kindergarten through third grade receive a weight of 1.07, which means that their per-pupil rate is 7 percent higher than the base rate. High school students receive a weight of 1.24.

Diverse learners may receive different SBB rates depending on the amount of time spent outside of the general education classroom. Diverse learners are required to receive instruction in the least restrictive environment ("LRE"), which means that they should remain in the general education classroom whenever practicable. A diverse learner's LRE category is based on the amount of school day where the student is receiving instruction outside of the general education classroom:

**Table 1: LRE Categories for Diverse Learners**

<b>LRE Category</b>	<b>Amount of the School Day Spent Outside of the General Education Classroom</b>
LRE 1	Less than 20%
LRE 2	Between 20% and 60%
LRE 3	More than 60%

In elementary schools, LRE 1 and LRE 2 students receive the same funding as general education students because they occupy a seat in the general education classroom, even though they may spend a substantial part of the day outside of it. LRE 3 students receive 40 percent of the per-pupil rate for the students' grade level because it is assumed that they receive their instruction in core subject areas from diverse learner teachers, and that they are in the general education classroom only for special periods like art, music, or physical education.

High schools can schedule more efficiently when diverse learners are outside of the general education setting. LRE 1 students receive the same funding as general education students because they could be in the general education classroom for every period. LRE 2 students receive 70 percent of the high school per-pupil rate because it is assumed that they will receive instruction from diverse learner teachers for at least two periods in core subject areas. LRE 3 students receive 40 percent of the high school per-pupil rate because it is assumed that they take only elective subjects in the general education setting. More information on additional funding for diverse learners is detailed later in this chapter.

**Table 2: FY17 SBB Rates**

<b>Enrollment Category</b>	<b>SBB Weighting</b>	<b>SBB Rates</b>
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$4,373.09
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,087.00
9-12 Gen Ed / LRE 1	1.24	\$5,067.88
K-3 LRE 3	40% of 1.07	\$1,749.24
4-8 LRE 3	40% of 1.00	\$1,634.80
9-12 LRE 2	70% of 1.24	\$3,547.52
9-12 LRE 3	40% of 1.24	\$2,027.15

**Total Amount of SBB Allocation**

For FY17, the SBB allocation is \$1,870,342,000, which is a \$166.4 million reduction from the FY16 budget. The mid-year reduction in FY16 explains \$120 million of the decrease, and the remainder is largely explained by lower enrollment.

**Table 3: Distribution of SBB Allocation for FY16 and FY17**

(All amounts in \$000s)	FY16 (Original budget)	FY16 (After 10 <sup>th</sup> day adjustments)	FY16 (After mid-year adjustments)	FY17 (Based on projections)
Base SBB Rate for All Schools	\$1,759,264	\$1,745,209	\$1,660,135	\$1,601,962
Foundation Positions Equivalent (Charter/Contract)	39,863	39,769	39,769	40,533
Teacher Salary Adj. Equivalent (Charter/Contract)	8,043	8,024	8,024	4,021
Multiple Building Adj. Equivalent (Charter/Contract)	332	331	331	308
Teacher Salary Adjustment for District Schools	35,828	35,828	35,828	35,066
Multiple Building Adjustment for District Schools	1,475	1,475	1,475	1,350
Other Adjustments	1,900	2,204	2,204	1,601
Program Support	2,445	7,796	7,796	90
Post-10 <sup>th</sup> Day Adjustments	0	3,618	3,618	0
Temporary Adjustments (Adjusted at 10 <sup>th</sup> Day)	1,790	0	0	2,926
Contingency for 10 <sup>th</sup> Day Adjustments	8,765	0	0	4,984
<b>Total SBB Dollar Distribution for FY17</b>	<b>\$1,859,704</b>	<b>\$1,844,254</b>	<b>\$1,759,180</b>	<b>\$1,692,842</b>
Cost of Foundation Positions for District Schools	177,000	177,000	177,000	177,500
<b>Total SBB Allocation</b>	<b>\$2,036,704</b>	<b>\$2,021,254</b>	<b>\$1,936,180</b>	<b>\$1,870,342</b>

**Calculation of FY17 SBB Base Rate**

The FY17 SBB base rate is \$4,087, which was calculated by taking the amount to be distributed and dividing by the total weighted enrollment of all SBB students, as shown in Table 4.

**Table 4: Calculation of FY16 SBB Base Rate**

Amount to be Distributed through Base Rate*	\$1,601,962,263
Total Weighted Enrollment*	391,965.32
FY16 SBB Base Rate	4,087.00

Total weighted enrollment is based on the FY17 enrollment projections. The projections use five years of enrollment data and the “cohort survival ratios” for each school. The cohort survival ratio compares the number of students in a particular grade at a particular school to the number of students in the previous grade in the previous year. Ratios are calculated for each grade progression and are then used to project future enrollment. Schools are given a chance to review and appeal enrollment projections, and all appeals are reviewed in consultation with network chiefs. Enrollment projections are finalized after appeals have been reviewed and acted upon.



**Table 5: FY17 Projected Enrollment, Including SBB Weightings**

Enrollment Category	SBB Weighting	Unweighted Enrollment			Weighted Enrollment		
		District	Charter*	Total	District	Charter*	Total
K-3 Gen Ed / LRE 1 / LRE 2	1.07	98,705	13,299	112,004	105,614.35	14,229.93	119,844.28
4-8 Gen Ed / LRE 1 / LRE 2	1.00	117,081	14,468	131,549	117,081.00	14,468.00	131,549.00
6-8 Gen Ed /LRE 1 at the HS rate	1.24	2,531	2,839	5,370	3,138.44	3,520.36	6,658.80
9-12 Gen Ed / LRE 1	1.24	70,637	31,559	102,196	87,589.88	39,133.16	126,723.04
K-3 LRE 3	40% of 1.07	1,891	74	1,965	809.35	31.67	841.02
4-8 LRE 3	40% of 1.00	2,753	77	2,830	1,101.20	30.80	1,132.00
9-12 LRE 2	70% of 1.24	3,815	1,567	5,382	3,311.42	1,360.16	4,671.58
9-12 LRE 3	40% of 1.24	911	189	1,100	451.86	93.74	545.60
<b>Total</b>		<b>298,324</b>	<b>64,072</b>	<b>362,396</b>	<b>319,097.49</b>	<b>72,867.82</b>	<b>391,965.32</b>

\*Includes charter schools, contract schools, and ALOP programs.

### **SBB Funds Distributed Outside of the Per-Pupil Rate**

The SBB model includes three categories of SBB funds that are distributed to district schools outside of the per-pupil rates. Charter and contract schools receive the per-pupil equivalent of these funds.

#### **1. Teacher Salary Adjustment**

Some district schools with a large number of experienced teachers receive extra funds in the form of the teacher salary adjustment to help pay for their high staff costs. The teacher salary adjustment is calculated at a single point in time before school budgets are released. We calculate the district-wide average cost of all staffed teacher positions that are funded with SBB funds. We then calculate the average cost of staffed SBB teachers for each school. If this average cost at any school exceeds the district-wide average, the school will receive a teacher salary adjustment. The amount of the adjustment is calculated by multiplying the difference between the school's average teacher cost and the District's average teacher cost, multiplied the number of staffed SBB teachers at the school.

In FY17, the teacher salary adjustment will be reduced downward if there are any teacher resignations or retirements at the school before the beginning of the school year. Since the teacher salary adjustment is above and beyond SBB per-pupil rates and was given with the expectation that the school's experienced teachers will remain on staff, it is appropriate to reduce the amount of the teacher salary adjustment if one or more teachers retire or resign, and are presumably replaced with less experienced teachers. This reduction will not impact staffing at the school because the school will be able to hire the same number of teachers, even with a smaller teacher salary adjustment. Reductions for teacher retirements will be made along with the 10<sup>th</sup> day SBB adjustment.

An example is the easiest way to understand this. If a school hired a teacher who was paid \$95,000, the District would provide an additional \$20,000 to the school because our average salary is roughly \$75,000. If that teacher left, and the school hired a teacher for \$75,000, the District would no longer be committed to providing the additional \$20,000.

After the 10<sup>th</sup> day, the teacher salary adjustment is locked in and will remain with the school for the entire year. The teacher salary adjustment is recalculated every year to account for changes in staffing at the school and district-wide. It is therefore possible for a school to receive a teacher salary adjustment in one year and not receive an adjustment the next year.

In FY17, the total cost for the teacher salary adjustment in district-run schools is \$35,065,697. However, it is expected that the teacher salary adjustment could be only half of this amount after we make reductions for teacher resignations and retirements.

### Multiple Building Adjustment

Additional SBB funds are given to 27 schools that have a branch building that is a significant distance from the main school building. Funding is given to help defray the cost of a clerk or other administrative support needed at the second building. No additional funding is given to schools with multiple buildings that are on the same block or on the same campus, where the buildings are within walking distance of each other.

For schools that do qualify for additional funding, the amount given is based on the size of the school. Larger schools are given smaller amounts because they benefit from economies of scale in Student Based Budgeting, and they have more ability to provide administrative support for the branch building than smaller schools.

The following chart shows the formula for the multiple building adjustment:

**Table 6: Formula for Multiple Building Adjustment**

Projected K-12 Enrollment of School	Amount
750 or fewer students	\$75,000
751 to 1,000 students	\$50,000
More than 1,000 students	\$25,000

The total cost of the FY17 multiple building adjustment in district-run schools is \$1,350,000.

## 2. Foundation Positions

Every district-run school receives three foundation positions – one principal, one counselor, and one clerk – in addition to the school’s per-pupil allocation. The foundation positions benefit small schools, which would have a difficult time funding these positions from their per-pupil allocation. District-run schools have no discretion on whether to have these positions; all district-run schools are required under state law and the Chicago Teachers Union contract to have one principal, one counselor, and one clerk. For FY17, the total cost of foundation position in district-run schools is \$177.5 million.

### Calculation of SBB Per-Pupil Equivalents for Charter Schools

Charter schools receive a per-pupil equivalent for the teacher salary and multiple building adjustments that go to some district-run schools, and for the foundation positions that all district-run schools. These per-pupil rates were calculated by taking the amount allocated to district schools for these items and dividing by the total weighted enrollment for district schools, as shown in Table 8.

**Table 7: Calculation of Per-Pupil Equivalents for Charter/Contract Schools and ALOP Programs**

	Foundation Positions	Teacher Salary Adjustment	Multiple Building Adj.
Amount Reserved for District-run Schools	\$175,500,000	\$17,607,236	\$1,350,000
Weighted Enrollment for District-run Schools*	319,097.49	319,097.49	319,097.49
<b>Per-Pupil Equivalent for Charter/Contract/ALOP</b>	<b>\$556.26</b>	<b>\$55.18</b>	<b>\$4.23</b>

\*See Table 5 for calculation of weighted enrollment for district-run schools.

With the per-pupil equivalents added in, the SBB base is nominally higher for charter and contract schools, as shown in Table 8; however, the funding is equivalent to funding for district-run schools.

**Table 8: Charter/Contract/ALOP SBB Base Rate with Per-Pupil Equivalents**

	Amount
SBB Base Rate for All Schools	\$4,087.00
Foundation Positions Equivalent	\$556.26
Teacher Salary Adjustment Equivalent	\$55.18
Multiple Building Adjustment Equivalent	\$4.23
<b>Charter/Contract/ALOP SBB Rate with Per-Pupil Equivalents</b>	<b>\$4,702.67</b>

Table 9 shows the SBB rates for charter/contract schools and ALOP programs with the per-pupil equivalents included and adjusted for grade weight and diverse learner category.

**Table 9: FY17 SBB Rates for Charter/Contract Schools**

Enrollment Category	SBB Weighting	SBB Rates with Equivalents
K-3 Gen Ed / LRE 1 / LRE 2	1.07	\$5,031.86
4-8 Gen Ed / LRE 1 / LRE 2	1.00	\$4,207.67
9-12 Gen Ed / LRE 1	1.24	\$5,831.31
K-3 LRE 3	40% of 1.07	\$2,012.74
4-8 LRE 3	40% of 1.00	\$1,881.07
9-12 LRE 2	70% of 1.24	\$4,081.92
9-12 LRE 3	40% of 1.24	\$2,332.52

Once the charter/contract/ALOP per-pupil equivalents are calculated, the total cost is added to the base rate allocation. The total amount of SBB funds distributed on a per-pupil basis is shown in the following table:

**Table 10: SBB Amount Distributed on Per-Pupil Basis**

(All amounts in \$000s)	FY16 (Original budget)	FY16 (After 10 <sup>th</sup> day adjustments)	FY16 (After mid-year adjustments)	FY17 (Based on projections)
Base SBB Rate for All Schools	\$1,759,264	\$1,745,209	\$1,660,135	\$1,601,962
Foundation Positions Equivalent (Charter/Contract)	39,863	39,769	39,769	40,533
Teacher Salary Adj. Equivalent (Charter/Contract)	8,043	8,024	8,024	4,021
Multiple Building Adj. Equivalent (Charter/Contract)	332	331	331	308
<b>Total Amount Distributed on Per-Pupil Basis</b>	<b>\$1,807,502</b>	<b>\$1,793,334</b>	<b>\$1,708,260</b>	<b>\$1,646,825</b>

### Temporary Adjustments

Fifteen schools have received temporary adjustments because they have unusual circumstances that call their enrollment projections into question. If the school's 10<sup>th</sup> day enrollment does not support the additional SBB funding, the funding will be reduced; it will remain if the enrollment supports the funding level.

### Contingency for 10<sup>th</sup> Day Adjustments

Approximately \$5.0 million has been reserved in contingency. The funds have been set aside primarily to ensure that we could provide SBB funds in case the total SBB enrollment of the district at the 10<sup>th</sup> day exceeds our projections. Contingency funds are also reserved for adjustments at schools that will occur after the 10<sup>th</sup> day.

### Enrollment Counts for SBB Adjustments

SBB funding is adjusted at each school based on actual enrollment counts at the beginning of the school year. Funding for district-run schools is adjusted on the 10<sup>th</sup> day of the school year according to the CPS calendar. Funding for charter/contract schools is adjusted on the 20<sup>th</sup> day of the school year according to the CPS calendar, with a second adjustment on the 10<sup>th</sup> day of the second semester. ALOP and Safe School programs have their funding adjusted based on quarterly enrollment counts.

The following rules apply to the counting of enrollment for funding purposes:

- Enrollment counts are based on a snapshot of enrollment data in the District's system taken after the close of business on the enrollment count date.
- Students are not included in the enrollment count if they are not scheduled at the school on the enrollment count date, or if they have not been in attendance at the school for at least one full day as of the enrollment count date. Schools are responsible for ensuring that enrollment, scheduling, and attendance information is up-to-date in CPS systems on enrollment count dates.
- If a student is included in an enrollment count, but enrollment and attendance records are subsequently updated to show that the student was not enrollment in the school on the enrollment count date (e.g., due to application of the lost child process), the student shall be retroactively excluded from the enrollment count, and the school's funding shall be adjusted downward.

## ADDITIONAL GENERAL EDUCATION ALLOCATIONS FOR CHARTER/CONTRACT SCHOOLS

### Non-SBB Rates

Charter schools, contract schools, ALOP programs, and Safe School programs (collectively, "charter schools") receive a per-pupil equivalent for services that are provided in-kind to district schools, including operations & maintenance, security, Board-funded programs (e.g., magnet, selective enrollment), and Central Office management.

The non-SBB allocation is the entire amount of general funds in the operating budget except for the SBB allocation and a limited set of items that are classified as district-wide shared obligations.

**Table 11: FY17 Non-SBB Allocation**

	<b>FY17 Budget (in \$ thousands)</b>
General Funds (Funds 115, 210, 230)	\$3,668,157
Less SBB	(2,157,290)
Less District-Wide Shared Obligations	(789,750)
<b>Amount of Non-SBB to be Distributed on Per-Pupil Basis</b>	<b>\$721,117</b>

Table 12 lists the district-wide shared obligations that are not included in the non-SBB allocation:

**Table 12: District-Wide Shared Obligations**

	<b>FY17 Budget (in \$ thousands)</b>
Unfunded Pension Liability	\$523,675
Facilities Supplement for Charter/Contract/ALOP	34,547
Bond Interest	34,000
Core Instruction for Options, Specialty, Safe Schools	14,847
Real Estate Leases	13,141
Liability Insurance	8,642
Transportation / Drivers Ed	4,662
Early Childhood (funded with General Funds)	3,956
New and Expansion Schools / School Transition	2,877
Offsetting revenue from Charters, JROTC, pensions	39,604
Contingency	33,283
Vacancy Savings	76,516
<b>Total District-Wide Shared Obligations</b>	<b>\$789,750</b>

After removing the district-wide shared obligations, the non-SBB rate was based on an estimated non-SBB allocation of \$721.1 million. The non-SBB allocation includes the following categories of funding:

**Table 13: FY17 Non-SBB Allocation, by Category**

<b>Category</b>	<b>Description</b>	<b>FY17 Budget (in \$ thousands)</b>
Operations	Operations and maintenance of school buildings, including cost of engineers, custodians, utilities, repairs, and central office operations management.	\$309,626
Security	Security guards in school buildings, and central office management of security operations.	80,175
IT Phone/Data Network	Telephone and high-speed data wiring and network infrastructure in school buildings.	26,199
Central Office	Central office services funded from local sources, other than operations, security, and IT phone/data.	191,863
School-Based Programs	Funding for magnet, selective enrollment, IB, STEM, JROTC, and other programs that provide supplemental funding to schools from local funds.	65,354
Vacancy Savings	Estimated amount that district-run schools will underspend in SBB or other local funds due to vacancies. In FY17, district-run schools are not allowed to reallocate vacancy savings for other purposes.	(76,516)
Non-SBB Tuition	Charter per-pupil share of the above spending categories.	124,416
<b>Total Non-SBB</b>		<b>\$721,117</b>

The non-SBB base rate is determined by dividing the components of the non-SBB allocation by the total weighted enrollment for district-run schools. For the first three components – operations, security, and IT phone/data networks – the total weighted enrollment includes charter school students who operate in a CPS-owned facility.

Total weighted enrollment for the non-SBB rate is not the same as the total weighted enrollment for the SBB rate. It is higher for three reasons:

- Diverse learner students are counted the same as general education students in the non-SBB rate. Some diverse learners receive a different rate in SBB because so much of their instruction is provided by special education teachers, which are funded outside of SBB. Since the non-SBB rate is based on the administrative and operational support provided to schools, general education and diverse learner students are counted the same way.
- Enrollment for all schools, and not just SBB schools, is included.
- Pre-K students in half-day classrooms are counted as half-day students (with a weight of 0.5) in the total enrollment count.

The following table shows the calculation of the FY17 non-SBB base rate:

**Table 14: Calculation of FY17 Base Non-SBB Rate**

Category	FY 17 Budget	Weighted Enrollment	Per-Pupil Amount
Operations	\$309,626,016	361,808.98	\$855.79
Security	80,175,461	361,808.98	221.60
IT Phone/Data Network	26,198,501	361,808.98	72.41
Central Office	191,863,230	340,817.60	562.95
Programs at Schools	65,353,708	340,817.60	191.76
Vacancy Savings	(76,516,000)	340,817.60	(224.51)
<b>Total</b>	<b>\$596,700,916</b>		<b>\$1,680.00</b>

The following table shows the FY17 non-SBB rates for all grade levels:

**Table 15: FY17 Non-SBB Rates**

Non-SBB Rates	Elem K-3	Elem 4-8	HS 9-12
Weighting	1.07	1.00	1.24
Per-Pupil Amount for All Schools	1,797.60	1,680.00	2,083.20

An administrative fee is charged against each school's non-SBB allocation to cover the cost to the District of overseeing charter schools.

**Facilities Supplement for Schools in Independent Facilities**

Schools that are in facilities not owned by CPS receive a facility supplement of \$750 per pupil to cover the costs of renting or owning the school facility. The FY17 rate is the same as the FY16 rate. Charter schools that are housed in a CPS-owned building do not receive the facilities supplement, but are allowed to occupy the CPS-owned facility at the nominal rental rate of \$1 per year.

**Facilities Charges for Charter Schools in CPS-Owned Facilities**

Charter schools occupying a CPS-owned facility are responsible for the operating costs of the building. Schools are charged for facilities costs based on per-pupil rates reflecting the average operating costs throughout the district.

Facilities charges are assessed for facilities & maintenance, security, and IT, with the per-pupil rates for each listed in Table 16. The FY17 rate for each charge is the same as the corresponding component in the calculation of the base non-SBB rate (see Table 14, above).

**Table 16: Per-Pupil Rates for Facilities Charges**

<b>Deduction Type</b>	<b>FY16 Rates</b>	<b>FY17 Rates</b>
Facilities & Maintenance	\$787	\$855.79
Security	\$146	\$221.60
Information Technology	\$65	\$72.41
<b>Total Facilities Charge</b>	<b>\$998</b>	<b>\$1,149.80</b>

Charter schools can opt out of the District's security and information technology services. Charter schools that are the sole occupant of a CPS facility can also opt out of facilities and maintenance services. Charter schools that are sharing a facility with another school are not allowed to opt out of facilities and maintenance services.

Schools will not be charged for any component of the facilities charges from which they have opted out.

**Employer Pension Contribution Charges**

Under the SBB model, charter schools receive per-pupil funding based on an SBB allocation that includes the amounts spent on employer pension costs of certified teachers. For this reason, each charter school reimburses the District for the employer pension costs for its employees who participate in the Chicago Teachers Pension Fund. Schools are charged 11.16 percent of the salary costs of participating employees, consistent with the pension normal cost estimates for FY17. Pension payments are deducted from quarterly tuition payments. Pension charges will not apply to special education teachers, aides, or clinicians.

**Administrative Fee**

Charter schools are charged a 3 percent administrative fee to cover the District's costs in overseeing these schools and programs. The following table shows how the administrative fee is assessed for each funding source.

**Table 17: Administrative Fee**

Funding Source	Fee	How Admin Fee Will be Charged
SBB	3%	Total fee for SBB, non-SBB, and SGSA will be deducted from quarterly tuition payments.
Non-SBB	3%	
SGSA	3%	
Facilities Supplement	–	No admin fee.
Special Education	–	No admin fee.
Title I	–	No admin fee. District's administrative costs are deducted prior to the allocation of Title I funds.
Title II	–	No admin fee. District administrative costs covered in Title I.
Title III	2%	Admin fee is capped at 2% per grant rules. 2% fee deducted from Title III payments.
State Bilingual (TBE/TPI)	3%	Fee deducted from state bilingual payments.

**Alternative Learning Opportunity Programs (ALOP)**

Alternative Learning Options Programs receive SBB, non-SBB, and facility supplement funding like charter schools, and they are charged for facilities, employer pension, and administrative fees like charter schools. However, funding is based on quarterly enrollment counts, rather than two enrollment counts per year, and payments are made in five installments of 20% each.

**Safe School Programs**

CPS also funds two Safe School programs for students who have been expelled from traditional schools due to violence. They are funded like ALOP programs, but each school is funded for a floor of 150 students, regardless of the actual number of students enrolled, to ensure that spots are available when needed. CPS receives a Regional Safe School grant from the State of Illinois, which helps pay these costs.

**GENERAL EDUCATION ALLOCATIONS TO SPECIALTY AND OPTIONS SCHOOLS****Specialty Schools**

Specialty schools serve primarily students with significant diverse learning needs, except for three early childhood centers that have only pre-kindergarten students.

Because of the specialized populations at these schools, core instruction funding is not provided through Student Based Budgeting. Instead, these schools receive positions and a small amount of funding for non-personnel items. Most of the classroom teachers are special education teachers or early childhood teachers, both of which are funded separately and which comprise a much larger portion of the schools' budgets.

Specialty schools receive the following general education resources:

- 1 principal, 1 counselor, and 1 clerk. This is the same administrative base that all district schools receive in Student Based Budgeting.
- 1 assistant principal.



- A number of general education teachers to ensure that teachers in self-contained classrooms receive coverage for their preparation periods. The general education teachers are typically used for art, music, or physical education instruction.
- An allocation for non-personnel items, equal to \$35,000 per school, plus \$300 for each elementary student, \$400 for each high school student, and \$150 for each pre-K student.

### **District Options Schools**

District options schools provide educational options to students who have dropped out of traditional high schools (over-age students without enough credits to graduate) or students in confinement. District schools include one school located at the Cook County Jail (York), one at the Cook County Juvenile Temporary Detention Center (Jefferson), one school serving pregnant women (Simpson), and one school serving students at risk of dropping out or returning dropouts (Peace & Education Coalition). Two former contract schools serving options students will be district-managed in FY 17: Community Services West and Prologue – Early College HS.

The district options schools are not funded through Student Based Budgeting, nor is their funding based on any formula tied to enrollment. Enrollment counts at alternative schools can often be misleading, given the highly transient nature of the students. Rather, the core allocation given to options schools is based on the programs run at the school and the needs of the students served.

## **ALLOCATIONS OF SPECIAL EDUCATION TEACHERS AND PARAPROFESSIONALS**

To determine if a student is eligible to receive special education services, an evaluation is conducted, followed by the development of an Individualized Education Program (IEP). The IEP lists the special education and related services needed to ensure that the student receives a free, appropriate public education in the Least Restrictive Environment (LRE). If a student has a disability but does not qualify for special education services, a “504 plan” may be developed. The 504 plan (so called because it is required under section 504 of the Rehabilitation Act of 1973) lists the accommodations and modifications that the student is to receive.

In FY17, schools received a diverse learner allocation for special education teachers and paraprofessionals equal to the dollar amount that the school spent on these positions in FY16, less a 4 percent reserve to account for routine movement among Diverse Learner students. The diverse learner allocation was combined with the school’s SBB funds and given as a single allocation.

Principals have been directed to use their combined SBB/Diverse Learner funds to serve the needs of all of their students, and to schedule their diverse learners first for more efficient scheduling and to ensure all IEP requirements are met.

### **Enrollment-Based Funding Adjustments**

The diverse learner allocation will be adjusted for enrollment changes on the 10<sup>th</sup> day of the school year for district-run schools and on the 20<sup>th</sup> day of the school year for charter/contract schools and ALOP and Safe School programs. There will not be a second semester diverse learner adjustment.

For each school, the FY17 diverse learner enrollment will be compared with two enrollment counts in FY16 – one from the beginning of the year (20<sup>th</sup> day) and one from the end of the year (May 31, 2016). If the FY17 diverse learner enrollment is higher than both FY16 enrollment counts, the school will receive an upward funding adjustment for the extra students, based on the per-pupil rates shown in Table 18. If the FY17 diverse learner enrollment is lower than both FY16 enrollment counts, the school will receive a downward funding adjustment, based on per-pupil rates shown in Table 18.

No funding adjustment will be made if the FY17 enrollment is within the range of the FY16 diverse learner enrollment counts.

These per-pupil rates are used solely for the purpose of making enrollment-based adjustments at the 10<sup>th</sup> day for district-run school and the 20<sup>th</sup> day for charter/contract schools and ALOP/Safe School programs (collectively, “charter schools”). These rates were not used to determine the diverse learner allocation that schools received in FY17, and they will not be considered as justification for an appeal. The rates are not identical to per-pupil rates that we have used in the past, as we have incorporated information gathered from last year’s appeals process. In addition, the per-pupil rates have been reduced by 8 percent for charter schools to adjust for the employer pension costs, since charter schools are not charged for employer pension on special education teachers.

**Table 18: Per-Pupil Rates for 10<sup>th</sup>/20<sup>th</sup> Day Diverse Learner Funding Adjustments**

Student Type	Per-Pupil Rates (District-Run)	Per-Pupil Rates (Charters)
LRE 1 (ARS A)	\$6,541	\$6,018
LRE 1 (ARS B, C)	\$10,843	\$9,976
LRE 2	\$10,843	\$9,976
LRE 3	\$17,692	\$16,277

*ARS refers to the “amount of required service” in students’ IEP’s. ARS A includes students where the amount of required service is less than or equal to 20% of the total school day. ARS B and C include students where the amount of required service is greater than 20% of the total school day.*

### Cluster Programs

Funding for cluster programs is not included in the diverse learner allocation, and students in cluster programs are not included in the diverse learner enrollment counts for funding adjustments.

Schools with cluster programs receive quota positions for each program – 1 special education teacher, and 1 or 2 paraprofessionals, depending on the needs of the students in the program. These positions are provided in addition to the diverse learner allocation for non-cluster diverse learner students.

### School Budget Appeals

Schools will have an opportunity to submit a budget appeal if they believe that their combined SBB/diverse learner allocation is inadequate to meet the core instruction needs of their students. In order to be considered for a funding adjustment, schools have to show that they have:

- Scheduled their diverse learners and general education students as efficiently as possible;
- Do not have non-instructional personnel in excess of District’s guidance; and
- Have directed the vast majority of the school’s resources for classroom instruction.

## SPECIAL EDUCATION FUNDING FOR CHARTER AND CONTRACT SCHOOLS

Given the change in allocation method in FY17, charter/contract schools and ALOP/Safe School programs (collectively, “charter schools”) will no longer be paid on a reimbursement basis for diverse learner teachers and paraprofessionals. Instead, the amount allocated for diverse learner teachers and paraprofessionals will be paid in quarterly installments. Payments shall be made in arrears, until such time that the District determines that it has sufficient cash flow to begin making the diverse learner payments in advance.

Related service providers are allocated using the same staffing formulas as district-run schools. The District will continue to reimburse schools for the actual cost of the related service providers. Charter schools are expected to hire their own related service providers and are reimbursed for their expenses at the following rates:

**Table 19: Special Education Reimbursements**

Position	Maximum for average position	Maximum for any individual position
Related service providers (certification required)	\$90,000	\$110,000
Case manager stipend (one per school)	To be determined	

### 1. Related Service Provider Reimbursement

- If related service providers are required by the students’ IEPs, the charter school will hire its own related service providers to provide the necessary supports.
- The charter school may have the Board furnish related service providers to serve the charter school’s students with disabilities, only if a waiver is given by CPS.
- If the charter school hires its own related service providers, then Chicago Public Schools (CPS) will reimburse the school on a quarterly basis. This reimbursement will be based on CPS’ determination that each provider possesses the proper certification(s) as required by the State and that the number of full-time equivalent providers does not exceed the CPS-approved allocation for the charter school.
- For the 2016-2017 school year, the maximum reimbursement rate is \$110,000 per year. The maximum reimbursement rate for all full-time equivalent related service providers for each charter operator is an average per-provider reimbursement rate of \$90,000 per full-time equivalent provider.
- The quarterly reimbursement to the charter school for full-time equivalent providers will be the lesser of the (i) product of the maximum reimbursement rate multiplied by the number of CPS-approved full-time equivalent providers at the charter school for the percentage of the quarter’s instructional days for which the provider was employed; or (ii) aggregate sum of the actual salaries and benefits paid to the CPS-approved providers at the charter school for the percentage of the quarter’s instructional days for which the related service provider was employed.

### 2. Special Education Case Manager Reimbursement

- a. The charter school shall appoint and pay a salary and benefits to its own qualified case manager.
- b. Chicago Public Schools (CPS) will provide the charter school with a stipend per school for such a qualified case manager for the 2016-2017 school year that is equivalent to the amount given to case managers at district-run schools. The amount of the stipend is to be determined, pending an agreement between the Board and the Chicago Teachers Union.
- c. A case manager shall be deemed qualified if he or she has (1) a Type 10 (special), Type 03 (elementary), or Type 09 (secondary) ISBE certificate endorsed in a special education area, or with a special education teaching approval or supervisory approval, OR (2) a Type 73 (school service personnel) ISBE certificate endorsed as a school social worker, school psychologist, guidance specialist, or speech-language pathologist or have a supervisory endorsement. At least two years' experience in the field of special education is recommended/preferred.
- d. An individual serving as a case manager may receive only one stipend, even if the individual is serving more than one school.

## **ALLOCATIONS OF SUPPLEMENTAL BILINGUAL TEACHERS FOR ENGLISH LANGUAGE LEARNERS**

Supplemental bilingual funding is determined by the Office of Language and Cultural Education (OLCE). In FY17, OLCE continued allocated supplemental bilingual teachers based on the allocation model introduced in FY16.

Schools are legally required to provide Transitional Bilingual Education (TBE) and/or Transitional Programs of Instruction (TPI) for their English learner (EL) students, and the expectation is that all schools will comply with these requirements. For this reason, supplemental bilingual resources are being allocated to schools based on student need – their actual count of EL students. In addition, for FY17, schools will receive Title III funding to provide supplemental supports to ELs via after-school tutoring programs and educational technology.

District-run schools received supplemental teacher positions based on EL enrollment in the following tiered system:

**Table 20: Supplemental Bilingual Position Allocations for District-Run Schools**

<b>Tier</b>	<b>EL Enrollment</b>	<b>No. of Schools</b>	<b>Supplemental Teacher Allocation</b>
1	250+ EL students enrolled	77	1.0 FTE teaching position
2	100 to 249 EL students enrolled	110	0.5 FTE teaching position
3	20 to 99 EL students enrolled	108	0.5 FTE teaching position

Additionally, OLCE will provide Title III funding to support after-school tutoring programs and educational technology with the goal of providing EL students Bilingual and English as a Second Language (ESL) content support to improve their academic outcomes on the English language

proficiency exam known as ACCESS (Assessing Comprehension and Communication in English State to State).

- 165 elementary schools with enrollment of 100 or more EL students will receive \$0.9 million in Title III funding to launch EL after-school tutoring programs. The initiative will support 9,900 EL students in grades 2-8.
- 295 schools with enrollment of 20 or more EL students will receive \$0.94 million in Title III funding for supplemental educational software. The initiative will support 44,300 EL students in grades K-12.

Charter/contract schools and ALOP and Safe School programs (collectively, “charter schools”) receive supplemental bilingual grant funding based on EL enrollment in the following tiered system:

**Table 21: State TBE/TPI Funding for Charter Schools**

Tier	EL Enrollment	No. of Schools	FY17 Supplemental Funding Allocation
1	100+ EL students enrolled	31	\$45,000
2	20 to 99 EL students enrolled	17	\$353.27 per EL student*

\*TBE/TPI per-pupil rate:  $\$607 \times 60\%$  (state reimbursement rate)  $\times 97\%$  (3% administrative fee) = \$353.27.

**Table 22: Federal Title III Funding for Charter Schools**

Tier	EL Enrollment	No. of Schools	FY17 Supplemental Funding Allocation
1	250+ EL students enrolled	6	\$45,000
2	20 to 249 EL students enrolled	42	\$116.40 per EL student*

\*Title III per-pupil rate:  $\$120 \times 98\%$  (2% administrative fee) = \$116.04.

The recent amendment to Illinois Charter School Law now requires all charter schools to provide bilingual instruction to EL students. Charters are on a reimbursement system and must submit requests for reimbursement for expenses related to EL instruction. Charter schools are allocated grant funds in lieu of positions because Charter Management Organizations operate independently of CPS. Therefore, CPS cannot allocate positions but allocates equitable funding based EL enrollment at charter schools.

## ALLOCATIONS OF DISCRETIONARY FUNDS

### Supplemental General State Aid (SGSA)

Supplemental General State Aid is part of the General State Aid that CPS receives from the State and is required by law to distribute directly to schools. SGSA funds are designed to supplement regular and basic programs supported by the General Education Fund. The amount of SGSA funds is based upon the concentration level of children from low-income households. Funds are distributed to the schools in proportion to the number of pupils enrolled who are eligible to receive free or reduced-price meals under the federal Child Nutrition Act of 1966 and the National School Lunch Act as of the 20<sup>th</sup> day of the school year.

Beginning in FY15, all CPS students qualify for free lunch under a Community Eligibility Option program established by the U.S. Department of Education, regardless of an individual student's household income. However, this result does not mean that all CPS students now qualify for SGSA funding. The SGSA statute looked to federal nutrition acts to set an income threshold that would define which students are low-income students who would qualify for SGSA funding. That low-income threshold is 185% of the federal poverty rate, which is the threshold for qualifying for free or reduced lunch under federal nutrition acts.

All schools received an initial SGSA allocation that is based on a projected number of low-income eligible students. However, the SGSA allocation will be adjusted later based on the number of qualifying students at each school on the 20<sup>th</sup> day of the current school year.

**Initial allocation:** The Budget Office has used prior year data to calculate a low-income percentage for each school, which will be locked in for all of FY17. That percentage has been multiplied by each school's FY17 projected enrollment to determine the number of low-income eligible students. (Rounding is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Schools receive a per-pupil allocation based on this calculated number of eligible students.

**Final allocation:** The number of eligible students will be recalculated based on 20<sup>th</sup> day enrollment. The low-income percentage used for the initial allocation will not change, but it will be multiplied by each school's 20<sup>th</sup> day enrollment to determine the number of low-income eligible students. (Rounding, again, is done to the nearest student, or in the case of preschool students, to the nearest 0.5 student.) Each school's final SGSA allocation will be based on this newly-calculated number of eligible students.

For FY17, the preliminary per-pupil rate is \$827.74, which was calculated by dividing \$261 million by the projected number of free and reduced meal students expected in FY17:

**Table 23: Calculation of FY16 SGSA Base Rate**

Amount to be Distributed	\$261,000,000
FY16 estimated total count of low-income students	315,316.00
FY16 SGSA Base Rate	\$827.74

Schools receive SGSA funding for each qualifying student. If a school has only one student eligible for SGSA, the school will receive an allocation of \$827.74 for that student.

Charter, contract, ALOP, and Safe schools, like district-run schools, receive SGSA funding. The initial SGSA allocation, however, is based on CPS's enrollment projection for the school, rather than the school's own projection.

Unspent SGSA funds in any fiscal year remain with the school and carry over to the next fiscal year. SGSA is different from most funding sources in this respect. Schools may not carry over unspent SBB or Title I funds, and the same rule applies to most other funding sources. SGSA is different because the District is legally required to allow schools to carry over unspent funds to the next fiscal year.

An estimated amount of FY16 SGSA carryover is included in the SGSA budgets for district schools. Prior-year carryover is usually not included in the original budget and rolled out after the fiscal year has begun. However, because the budget process occurred so late this year, the FY17 SGSA budgets include

carryover funds. Once the district has finalized the financials for FY16, the final amount of prior-year SGSA carryover will be calculated for each school, and any additional carryover amounts will be allocated to each school. This final carryover amount will likely be distributed in October 2016.

#### **NCLB Title I**

CPS allocates Federal NCLB Title I funds to schools with high concentrations of low-income children to provide supplementary services. The formula used to determine a school's eligibility for these funds is based on the ratio of TANF (Temporary Assistance to Needy Families) and free and reduced-price lunch school data as a percentage of enrollment. CPS uses poverty data generated yearly by the number of students, ages 5-17, who are eligible to receive free or reduced lunch (60 percent weight), and the number of children, ages 5-17, from families that receive financial assistance through TANF (40 percent weight). The data must be collected at a single point in time for the entire school system; the District has used May 4, 2016 as the collection point for FY17. Once data is collected, CPS ranks schools and allocates additional funding to those schools serving a population with greater than 40 percent poverty.

It is important to remember that the poverty rate calculations for Title I are more stringent than for SGSA. SGSA considers only at the number of students who qualify for free and reduced meals, and it is not unusual for CPS schools to have poverty rates of 99 or 100 percent by that measure. The Title I poverty measure also looks at the number of students who qualify for TANF, and far fewer CPS students meet this standard.

The per-pupil allocation rate increases as the poverty index for the schools increases. A school with a 40 percent poverty rate receives an allocation of \$851.80 per eligible student. As the poverty rate increases by 1 percent, the per-pupil allocation increases by \$17.04 per pupil. A school with a poverty index of 41 percent receives \$868.84 per pupil. A school with a poverty index of 50 percent receives \$1,022.20 per pupil. Schools with a poverty index below 40 percent do not receive Title I funds, even if the school has eligible students (except if the school has run a Title I school-wide program in the past and is held harmless from loss of Title I funding).

Thus, poorer schools receive significantly more Title I funding, not only because they have more eligible students, but also because they receive more funds per eligible students. This is illustrated in the following table:

**Table 24: Examples of Title I Funding Amounts**

<b>Poverty Index Examples</b>	<b>Allocation Rate</b>	<b>Eligible Students (assume total school enrollment of 1,000)</b>	<b>Total Allocation</b>
35%	\$0 (below threshold)	350	\$0
40%	\$851.80	400	\$340,720
41%	\$868.84	410	\$356,224
55%	\$1,107.40	550	\$609,070
70%*	\$1,363.00	700	\$954,100

\*Highest poverty rate of any CPS school.

In FY17, the Title I poverty index is the weighted average of the number of students who qualify for free or reduced-price lunch (60% weight) and the number of students who qualify for TANF (40% weight), **rounded up** to the nearest whole number.

Schools have received an initial Title I allocation based on their calculated Title I poverty index and their enrollment on May 4, 2016. After the school year begins, the Title I allocation for each school will be updated based on the same Title I poverty index and the school's FY17 20<sup>th</sup> day enrollment.

Schools can budget SGSA and NCLB Title I funds at their discretion but must remain in compliance with regulations and guidelines.



## **APPENDIX C BUDGET PROCESS**

The Chicago Board of Education is required by the Illinois School Code to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The Board's fiscal year starts July 1 and ends the following June 30.

- A proposed budget must be prepared and made available for public review at least 15 days prior to its finalization.
- The Board is required to hold at least two public hearings at least five days after copies of the proposed budget are made available for review.
- Notice of budget hearing dates must be published in a City of Chicago newspaper at least five days prior to the time of the hearing.
- The Board must adopt a budget within the first 60 days of each fiscal year.

Copies of the budget are made available for review at the Board office.

### **Budget Calendar and Process Development**

With a projected budget deficit for FY17 of over \$1 billion, CPS leadership worked with State of Illinois leadership to resolve funding issues before the end of the District's budget process. This included delaying budget guidance for schools and the release of this budget book until the latest possible moment. On June 30, a legislative solution emerged that will provide CPS with over \$600 million in budgetary relief, helping CPS avoid the devastating cuts the District was preparing for. Because of the delay, guidance to schools about their budgets was issued on July 13, 2016, and school budgets were received for review and incorporation by CPS on July 22.

### **Budget Planning**

FY17 is the fourth year CPS has utilized Student-Based Budgeting (SBB) to ensure funding follows students regardless of which CPS school they choose to attend. In addition, the CPS Office of Management and Budget engaged in strategic planning with departments to develop preliminary FY2017 budgets based on critical initiatives identified by senior leadership and the Board. As in previous years, the goal was to identify and implement administrative efficiencies to allow a continued prioritization of resources from Central Office to schools, and to give principals greater flexibility to make investments that drive student achievement. For the sixth year in a row, efficiencies were identified and reductions to Central Office were made, including through contract renegotiations and elimination of non-critical functions.

This fiscal year is also the second year using the Hyperion budgeting tool for both schools and Central Office. The new application enables better fiscal reporting and coordination across the District.

### **Public Involvement**

The announcement of the availability of the proposed budget for review the Board, stakeholders and the press is made before being presented in public hearings.

### **Board Adoption of the Budget**

The Board is anticipated to act on the FY17 Proposed Budget at their meeting on August 24, 2016.

## **APPENDIX D**

### **FINANCIAL POLICIES**

Chicago Public Schools (CPS) is responsible for Pre-K through 12<sup>th</sup> grade education in the City of Chicago. It is an independent local government entity with its own authority to levy property taxes. The fiscal year starts July 1 and ends June 30. The Board of Education is directed by the Illinois School Code (105 ILCS 5/34-43) to adopt an annual school budget for each fiscal year no later than 60 days after the beginning of the fiscal year. The annual budget includes a set of policies to be followed in managing financial and budgetary matters, allowing the Board to maintain its strong financial condition now and in the future.

#### **Balanced Budget Policy**

The Board is required by the Illinois School Code to balance its budget each year within standards established by the Board, consistent with the provisions of Article 105 ILCS 5/34-43. The Board defines a "balanced budget" as when the total resources, including revenues and spendable prior-year fund balances, equal or exceed the total budgeted expenditures, and a "structurally balanced budget" as when the total projected revenues that the Board accrues in a fiscal year are equal to or greater than the total expenditures. Revenues and expenditures are defined in accordance with Generally Accepted Accounting Principles (GAAP). The Board's current policy is that all funds should be structurally balanced unless they include the spendable prior-year fund balance that is available under the terms of the Board's Fund Balance Policy.

- **General Fund:** Although a structurally balanced budget is the goal for the General Fund, the prior-year spendable fund balance can be appropriated in the following budget year for one-time expenditures or under certain circumstances if the spendable fund balance exceeds 5 percent of the operating and debt service budget for the new fiscal year. The one-time expenditures are listed under the Fund Balance and Budget Management Policy.
- **Workers' Compensation Tort Fund:** The restricted fund balance in the Workers' Compensation Fund can be used only for expenses specified by the Illinois School Code 105 ILSC 5/18-8.05, such as unanticipated large tort, property loss, workers' compensation or liability claims.
- **Grant Funds:** All grant funds shall be structurally balanced.
- **Supplemental General State Aid Fund (SGSA):** The Illinois School Code 105 ILSC 5/18 requires that all spendable fund balances be re-appropriated in the subsequent year to each school that did not spend its allocation in the prior year.
- **Capital Projects Funds:** All spendable fund balances in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
- **Debt Service Funds:** Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with bond trustees. Assigned fund balances represent reserves to cover potential risks related to swaps or variable-rate bonds.

## **Fund Balance Policy**

Section 5/34-43 of the Illinois School Code authorizes the Board to accumulate a fund balance. The stated goals of maintaining a fund balance are to provide adequate working capital to ensure uninterrupted services in the event of budgetary shortfalls, to provide for capital improvements and to achieve a balanced budget within a four-year period. It is the policy of the Board to retain sufficient funds to achieve these goals for operating funds. To achieve this stable financial base, CPS manages its financial resources by establishing fund-balance policies for governmental funds, which consist of the Operating Funds (General Fund and Special Revenue Funds), Capital Projects Funds and Debt Service Funds.

### **Fund-Balance Target**

Fund-balance targets are established for the General Fund, the Tort Fund, the Supplemental General State Aid Fund, Debt Service Funds and Capital Projects Funds. The set amounts differ for each fund and require an annual review. Factors included in the determination of fund-balance targets include predictability of revenues, legal requirements, bond indentures, potential volatility of expenditures and liquidity requirements. The stabilization fund target is a percentage of operating and debt service budget.

#### **▪ General Fund**

- **Stabilization Fund Balance (Assigned Fund Balance):** The policy requires the Board to maintain an assigned fund balance of a minimum of 5 percent and a maximum of 10 percent of the operating and debt service budgets for the new fiscal year as a stabilization fund in the General Fund at the annual adoption of the budget. The 5 percent is estimated to be the historical minimum cash requirement to provide sufficient cash flow for stable financial operations. The Chief Financial Officer (CFO) will propose to the Board a reasonable target amount that is within this range during the budget process. It is the Board's goal that this stabilization fund will not be utilized unless there is an unforeseen financial emergency and a corresponding consensus decision among the Board members.
- **Stabilization Fund Balance Replenishment:** In the event that the stabilization fund decreases below 5 percent, the CFO will prepare and present to the Board a plan to replenish it. If necessary, any surplus that CPS generates will first go toward replenishing the stabilization fund until the minimum 5 percent goal is achieved and then to the fund balance. The Board must approve and adopt a plan to restore these balances to the target levels within a 12-month period. If restoration of the stabilization fund cannot be accomplished within such a period without severe hardship, then the CFO or Director of Office of Management and Budget may request that the Board approve an extension of this restoration deadline. Because of the financial stress the District is facing, the CFO and Budget Director will request an extension of the deadline for FY17 while they develop a long-term plan to restore the fund balance.
- **Use of Excess Fund Balance above the Stabilization Fund:** When the stabilization fund is adequately established, any excess above the required stabilization funds can be assigned for appropriation in the following budget year for one-time expenditures or under certain circumstances as outlined below:

- To offset a temporary reduction in revenues from local, state and federal sources
  - When the Board decides to not increase the City of Chicago property taxes to the maximum allowable property tax cap
  - To retire the Board's debt
  - To fund major legal settlements or liability claims made against the Board
  - To fund necessary one-time equipment or capital spending required for the Board
  - To pay for costs related to an unforeseen emergency or natural disaster
  - To pay for specific education initiatives lasting no more than three years
- **Workers' Compensation/Tort Fund:** The fund balance target for the Workers' Compensation/Tort Fund shall be no less than 1 percent and no more than 2 percent of the operating budget.
  - **Supplemental General State Aid Fund (SGSA):** The fund balance shall equal the unspent amounts from the previous year. According to the Illinois School Code 105 ILSC 5/18, all spendable fund balance will be re-appropriated in the subsequent year to each school that did not spend its allocation in the prior year.
  - **Capital Projects Funds:** Fund balance shall equal the unused bond proceeds, revenues and available fund balances from the previous fiscal year. All spendable fund balance in the Capital Projects Funds will be re-appropriated in the following year for eligible construction and renovation projects.
  - **Debt Service Funds:** Funds restricted for debt service are monies held as required by a bond indenture or similar agreement and maintained mostly with escrow agents. Assigned funds in the debt service funds represent the Board's efforts to cover risks and shall be sufficient to cover potential risks such as termination, counterparty and basis points. The Treasury Department will determine a proper level of fund balance each year.

### **Monitoring and Reporting**

In conjunction with the submission of the annual budget, the CFO shall annually prepare a statement about the status of the fund balance in relation to this policy and present the findings to the Board. Should the CFO disclose that the stabilization funds will decline below 5 percent of the upcoming operating and debt service budget, a recommendation for fund-balance accumulation shall be included in the annual statement. For FY17, with the known reduction of the stabilization fund below 5 percent, the CFO will develop a long-term plan to replenish fund balance to the prescribed 5 percent level.

### **One-Time Revenue**

The Board Policy states that revenue shall be considered to be one-time if it was not present in the prior fiscal year and if it is unlikely that it will be available in the following fiscal year, and further states that CPS shall not use one-time revenues to fund ongoing expenditures. To do so might mean that CPS would be unable to make up the gap created by the expiration of the one-time revenues in the next budget period, a situation that could lead to service cuts. Under the policy, one-time revenues would support only one-time expenditure items described below:

- To retire the Board's debt
- To fund major legal settlements or liability claims made against the Board
- To fund necessary one-time equipment or capital spending required for the Board
- To pay for costs related to an unforeseen emergency or natural disaster
- To pay for specific education initiatives lasting no more than three years
- To increase the size of CPS's budget-stabilization fund

However, due to the financial condition of CPS, the FY17 budget will rely on one-time revenues to support operating expenses, and CPS will seek approval from the Board to do so. The long-term plan to replenish the fund balance also will include strategies to reduce reliance on one-time revenues.

### **Basis of Budgeting and Revenue Recognition**

The budgeting and accounting policies of the Board are based on GAAP. The Governmental Accounting Standards Board is the standards-setting body for governmental accounting and financial reporting. These governing bodies require accounting by funds so that limitations and restrictions on resources can be easily explained.

Budgets are presented using the modified accrual basis of accounting.

Under the revenue recognition policy adopted in FY15, revenues are recorded when they become measurable and available. Property taxes are recognized as current revenues as long as they are available within 60 days after a fiscal year ends. Federal, state and local grants are recognized as revenues when eligible requirements imposed by grantors have been met and as long as they are collected within 60 days of the end of a fiscal year.

Expenditures are recorded when the related liability is incurred, regardless of the timing of related cash outflows. One exception is that debt service expenditures are recorded only when payment is due. Only revenues and expenditures anticipated during the fiscal year are included in the budget. Unexpended funds in the General Fund, Workers' Compensation/Tort Fund and SGSA Fund revert to the fund balance at the close of a fiscal year. Unexpended capital funds are carried forward from year to year until projects are completed.

### **Budgetary Control and Budget Transfer**

Budgetary control is exercised at the school, department and system-wide levels with the adoption of the budget, and at the line-item level through accounting control. The monitoring of expenditures and revenues is a crucial component of the management of the budget. In the event of an unexpected decline in revenue, certain non-essential expenses would be the first to be identified and frozen to ensure a balanced budget at year-end.

Because a budget is only a plan, transfers between line items during the year are permitted. All budget transfers follow an established fund-transfer policy and approval process. All transfers requiring Board approval will be reported at the monthly Board meeting. The following are a few of the guidelines for making transfers:

- Funds may be transferred within a fund, between units, accounts, programs, or, in certain circumstances, grants. Transfers over \$1,000 must be recommended by the Office of Management and Budget, reported to, and approved by the Board.

- No transfer may be made between any of the statutory funds supported by property taxes.
- Transfers shall not exceed 10 percent of the fund during the first half of the fiscal year, and no appropriation shall be reduced below an amount sufficient to cover all obligations that will be incurred against the appropriation, consistent with statute (105 ILCS 5/34-50).

### **Budget Amendments/Supplemental Budgets**

The Illinois School Code (105 ILCS 5/34-47 and 48) authorizes the Board to make additional or supplemental expenditures rendered necessary to meet emergencies or unforeseen changes. After the adoption of the annual school budget, the Board may, by a vote of two-thirds of its voting members, pass an additional or supplemental budget, thereby adding appropriations to those made in the annual school budget. Such a supplemental or additional budget is considered an amendment of the annual budget for that year. However, any appropriations thus made shall not exceed the total revenues that the Board estimates it will receive in that year from all revenue sources and any fund balance not previously appropriated. In case of emergencies such as epidemics, fires, unforeseen damages or other catastrophes happening after the annual school budget has been passed, the Board, by a concurring vote of two-thirds of all the members, may make any expenditure and incur any liability. The Board is required to hold two public hearings both on budget amendments and supplemental budgets.

### **Cash and Investment Management Policy**

In accordance with the Illinois School Code (105 ILCS 5/34-28) and Public Funds Investment Act (30 ILCS 235/1), the Board adopted an investment policy that provides guidelines for the prudent investment of all public funds and outlines the policies for maximizing efficient cash management. The ultimate goal is to manage public funds in a manner that will meet cash flow needs, ensure security and provide the highest investment return while complying with all state and local requirements governing the investments of public funds. To achieve these goals, the Treasury maintains cash-flow forecasts that closely match cash on hand with projected disbursements. To minimize the potential risk and losses, the Board limits investments to the safest types of securities, pre-qualifies the financial institutions, and diversifies the investment portfolios. The Treasury evaluates and monitors the portfolio regularly. The Investment Policy detail can be accessed by going to <http://policy.cps.k12.il.us/download.aspx?ID=27>

### **Debt Management Policy**

The Board established a debt management policy that sets forth the parameters for issuing debt and managing the outstanding debt portfolio. Additionally, the policy provides guidance for the debt-payment structure that directly affects the Board's finances, the types and amounts of permissible debt, the timing and method of sale that may be used, the structural features that may be incorporated, and the selection of swap advisors. The purpose of this policy is to enhance the Board's ability to issue and manage its debt in a fiscally conservative and prudent manner and to ensure the Board's continued access to the capital markets. The Board will match the term of the borrowing to a useful life of projects and will seek the best possible credit rating in order to reduce interest costs. Every project proposed for debt financing should be accompanied by amortization schedules that best fit within the existing debt structure and minimize the impact on future operating and maintenance costs of the tax and debt burden on the General Fund and the overlapping debt of other local governments. The Treasury will determine the mix of variable- and fixed-rate debt that best manages its overall interest costs while considering risks and benefits associated with each type of debt. The following link provides details about the debt management policy; visit <http://policy.cps.k12.il.us/download.aspx?ID=42>

## APPENDIX E

### GLOSSARY

**Account:** A budget attribute used to group funds with a similar purpose, such as supplies, salaries or travel expenses. Sometimes referred to as the “object” of the expenditure, it means what the dollars will be spent on.

**Accrual Basis:** The accounting technique under which transactions are recognized when they occur, regardless of the timing of estimated cash flow.

**Accrued Expense:** Expense incurred and recorded on the books but not payable until a later date.

**Adopted Budget:** The budget ultimately approved and authorized by the Chicago Board of Education that authorizes spending for the fiscal year based on the appropriations in the budget.

**American Recovery and Reinvestment Act (ARRA):** The federal government’s national stimulus program adopted in 2009.

**Ancillary Classrooms:** Identified for elementary schools only. Refers to the number of allotted classroom spaces required for non-homeroom uses, such as science labs, computer labs, resource rooms, special education rooms, after school programs and/or community organization special programs. The number of ancillary classrooms can be identified by subtracting the number of allotted homeroom classrooms from the total number of classrooms.

**Appropriation:** An authorization to make expenditures and incur obligations for a specific purpose granted by a legislative body - in this case the Board of Education - for a specific time period.

**Assessed Valuation (AV):** The value placed on all taxable property for tax purposes. This amount is subject to the state equalization factor and the deduction of exemptions.

**Average Daily Attendance (ADA):** The aggregate number of pupil days of attendance divided by the number of days in the regular school session. Attending school for five or more clock hours while school is in session constitutes one pupil day of attendance. The best three months’ average daily attendance of the prior year is used in calculating General State Aid for the current year.

**Balance Sheet:** A statement of the financial position of an organization at a point in time. It includes assets, liabilities and fund balances.

**Bill (HB or SB):** Legislation drafted in the form of an Act for introduction into Illinois General Assembly and identified with a bill number. HB refers to a bill introduced into the House and SB refers to a bill introduced into the Senate. Bills are available on the General Assembly website at [www.ilga.gov](http://www.ilga.gov).

**Block Grant:** A state or federal grant program that consolidates several previously separate categorical grant programs into one larger grant. Block grants usually allow the recipient agency more flexibility in the use of the resources than would be allowed with separate grants.

**Bond:** A written promise to pay a specified sum of money - called the “face value” or “principal amount” - along with the periodic interest at a specified rate; the money is to be paid off at a specified date in the future.

**Bonded Debt:** The portion of indebtedness represented by outstanding bonds.

**Bond Rating:** An assessment of the credit risk of a specific bond issue.

**Bond Redemption and Interest Fund:** A debt service fund for the receipt and disbursement of the proceeds of annual tax levies for the payment of the principal and interest on specific bond issues.

**Budget:** An estimate of income and expenditure for a set period of time.

**Budget Classification:** A series of numerical codes used to categorize items of appropriation by unit, fund, account, program and grant.

**Budgetary Control:** The control or management of a governmental or enterprise fund in accordance with an approved budget to keep expenditures within the limits of available revenue appropriations.

**Capital Development Board (CDB):** the State of Illinois government organization that administers the School Construction program.

**Capital Outlay:** An expenditure that results in the acquisition of, or addition to, fixed assets. Capital outlay meets the following criteria: has an anticipated useful life of more than one year; can be permanently identified as an individual unit of property; belongs to land, buildings, structures & improvements or equipment; constitutes a tangible, permanent addition to the value of city assets; does not constitute repair or maintenance; not readily susceptible to loss.

**Capital Project:** A specific and identifiable improvement or purpose for which expenditures are proposed within the capital budget or capital improvement program.

**Capital Project Fund:** A fund created to account for financial resources to be used for the acquisition or the construction of major capital facilities or equipment.

**Categorical Revenue:** Funds from local, state, federal or private sources that can, by law, only be used for specific purposes (e.g., No Child Left Behind revenue or Supplemental General State Aid revenue).

**Change Orders:** Modifications of scope and/or costs related to a project.

**Chicago School Finance Authority (SFA):** A separate government body created in 1980 to sell bonds for the working capital, operating, and capital needs of the Chicago Board of Education, and to oversee the financial management of the Board. The SFA went out of existence in 2010.

**Chicago Board of Education:** The local government organization established to provide elementary and secondary education in the city of Chicago.

**Chicago Public Schools (CPS):** The K-12 school system that operates under the Chicago Board of Education.

**Chicago Teacher Pension Fund (CTPF):** The pension fund for Chicago teachers, principals and administrative staff with teaching certificates. Teachers, principals and administrative staff in the rest of the state belong to the Illinois Teacher Retirement System (TRS).



**Common Core State Standards (CCSS):** Describes what students are expected to learn at every grade level in order to be prepared for success in college and careers. CCSS is designed to be relevant to the real world and help students succeed in a global economy. Chicago Public Schools began the transition to CCSS in School Year 2011-12 and fully implemented during School Year 2014-15.

**Contingency:** A budgetary reserve set aside for emergencies or unforeseen expenditures.

**Continuous Improvement Work Plan (CIWP):** The two-year school improvement plan required of all CPS schools. The purpose of the CIWP is to establish each school's mission, its strategic priorities, and the steps the school will take to accomplish its goals.

**Corporate Personal Property Replacement Tax (CPPRT):** A tax instituted in 1979 to replace the Corporate Personal Property tax. It consists of a state income tax on corporations and partnerships and a tax on the invested capital of public utilities. The tax is collected by the Illinois Department of Revenue and distributed to over 6,000 local governments based on each government's share of Corporate Personal Property tax collections in a base year (1976 or 1977).

**Cost of Living Adjustment (COLA):** The "cost of living adjustment" commonly refers to the amount or percentage change to salary and/or benefits in order to protect income from being eroded by inflation.

**Debt Service:** The amount of money required to pay the principal and interest on all bonds and other debt instruments according to a predetermined payment schedule.

**Debt Service Fund:** A fund established to account for the accumulation of resources for, and the payment of, principal and interest on long-term debt.

**Deficit:** Excess of expenditures over revenues in a given period.

**Depreciation:** That portion of the cost of a capital asset that is charged as an expense during a particular period. This is a process of estimating and recording the lost usefulness, expired useful life or diminution of service from a fixed asset.

**Distinguished Budget Presentation Award:** A voluntary program administered by the Government Finance Officers Association to encourage governments to publish efficiently organized and easily readable budget documents, and to provide peer recognition and technical assistance to the fiscal officers preparing them.

**Effective Date:** The date on which a Public Act takes effect (i.e. the date it becomes generally enforceable.)

**Effective Tax Rate:** The ratio of taxes billed to the market value, generally expressed as a percentage.

**Encumbrance:** Obligation in the form of a purchase order and/or contract which is chargeable to an appropriation and which reserves a part of the fund balance because the goods or services have not been received. When paid, the encumbrance is liquidated and recorded as an expenditure.

**Enrollment Efficiency Range:** Ideal Enrollment less 20% through Ideal Enrollment plus 20%.

**Enterprise Fund:** A fund established to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs

of providing the goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**Equalization:** The application of a uniform percentage increase or decrease to assessed values of various areas or classes of property to bring assessment levels, on average, to a uniform level of market value.

**Equalization Factor (multiplier):** The factor that must be applied to local property assessments to bring about the percentage increase that will result in an equalized assessed valuation equal to one-third of the market value of the taxable property in a jurisdiction.

**Equalized Assessed Valuation (EAV):** The assessed value multiplied by the State of Illinois equalization factor minus adjustments for exemptions. This gives the property value from which the tax rate is calculated.

**Education Support Professionals (ESP):** Position classification for non-teacher/principal support staff. This category covers positions such as custodians, engineers and security guards as well as most central office departmental staff.

**Exemption:** The removal of property from the tax base. An exemption may be partial – like a homestead exemption – or complete. An example of a complete exemption is a church building used exclusively for religious purposes.

**Expenditure:** The outflow of funds paid for an asset or service obtained. This term applies to all funds.

**Extension:** The actual dollar amount billed to the property taxpayers of a district. All taxes are extended by the County Clerk.

**Federal No Child Left Behind Revenue:** Revenue from federal programs that support supplemental education programs.

**Federal Special Education I.D.E.A. Program Fund Revenue:** Provides supplemental programs for all students with disabilities for students ages 3-21.

**Federal Lunchroom Revenue:** Revenue from the federal program that supports free and reduced-price meals for children from low-income families.

**Fiscal Year:** The time period designated by the system signifying the beginning and ending period for recording financial transactions. The Chicago Public Schools fiscal year begins July 1 and ends June 30.

**Fixed Asset:** An asset of a long-term character that is intended to continue to be held or used, such as land, buildings, machinery and equipment.

**Focus Schools:** A designation referring to a Title I school that has a) the largest gaps between the highest- and lowest-achieving subgroups within its school, b) a subgroup or subgroups with low achievement OR c) a high school with low graduation rates. ISBE categorizes schools in the “focus” group if the school had a 3-year average state assessment composite between 26% and 45%

**Foundation Level:** A dollar level of financial support per student representing the combined total of state and local resources available as a result of the general state aid formula. The foundation level is dependent upon the State of Illinois appropriation for General State Aid.

**Full-Time Equivalent (FTE):** A unit that indicates the workload of an employed person in a way that makes workloads comparable across various contexts. An FTE of 1.0 means that the person is equivalent to a full-time worker, while an FTE of 0.5 signals that the worker is only half-time or works full-time for half a year.

**Fund:** A separate accounting entity with a self-balancing set of accounts that comprise its assets, fund equity, revenues and expenditures. Money and other fund assets are set aside in an account for specific purposes and activities in accordance with legal requirements. A school or department may have resources available from several funds. Examples include the General Fund, Workers' Compensation/Tort Fund and the Federal Title I Fund.

**Fund Accounting:** A governmental accounting system that organizes its financial accounts into several distinct and separate sets of accounts, or "funds," designated by their different functions.

**Fund Balance:** The assets of a fund minus liabilities, as determined at the end of each fiscal year. Any reservations of fund balance are deducted, leaving a remaining unreserved fund balance.

**GASB 24 – Governmental Accounting Standards Board Statement #24:** Establishes accounting rules for pass-through grants, food stamps and on behalf payments of fringe benefits and salaries. As it relates to "on behalf payments", GASB 24 requires payments made by other governments to be included as revenues and expenditures as long as they are for employee benefits. By law, the City of Chicago has been contributing to the Municipal Employees' Annuity and Benefit Fund of Chicago on behalf of the Board's educational support personnel (ESP).

**GASB 54 - Governmental Accounting Standard Board Statement #54:** In order to improve consistency and clarity in fund balance reporting, GASB 54 establishes a hierarchy of fund balance classifications categorized by the extent to which governments are bound by constraints on resources reported in the funds. The hierarchy includes:

1. Non-spendable fund balance: Amounts that cannot be spent such as inventories, prepaid amounts and the principal of a permanent fund. Also, long-term loans, notes receivables and property held for resale would be reported as non-spendable unless the proceeds are restricted, committed or assigned.
2. Restricted fund balance: Amounts constrained for a specific purpose by external parties, constitutional provision or enabling legislation.
3. Committed fund balance: Amounts constrained for the specific purposes determined by a formal action of the government's highest level of decision-making authority. Formal action is also required by the same group to remove or change the constraints placed on the resources.
4. Assigned fund balance: For all governmental funds other than the general fund, any remaining positive amounts not classified as non-spendable, restricted, or committed. For the general fund, assigned fund balance is amounts constrained for the intent to be used for a specific purpose by a governing board, a body or official that has been delegated authority to assign such amount.

5. **Unassigned Fund Balance:** Amounts not classified as non-spendable, restricted, committed or assigned. The general fund is the only fund that would report a positive amount in unassigned fund balance.

**Hyperion:** Performance management software owned and managed by Oracle. CPS implemented Hyperion in June of 2015 and utilizes the system for planning, budgeting and forecasting of revenue and expenditures.

**Generally Accepted Accounting Principles (GAAP):** A uniform minimum standard of, and guidelines to, financial accounting and reporting. GAAP governs the form and content of the basic financial statements of an entity, encompassing the conventions, rules and procedures necessary to define accepted accounting practices at a particular time. They include not only broad guidelines of general application, but also detailed practices and procedures. They provide a standard by which to measure financial presentations.

**General Fund:** The primary operating fund used to account for all revenue and expenditures except those related to specific programs that are accounted for separately in special purpose funds.

**General Obligation Bonds:** Bonds that finance public projects, such as new school buildings. The repayment of the bonds is made from property taxes and is backed by the full faith and credit of the issuing entity.

**General State Aid (GSA):** State revenue provided to school districts to support basic education programs. The amount that each school district receives depends upon the educational needs of the school district (as measured by the Supplemental General State Aid weighted average daily attendance), the size of the local tax base, the amount of tax effort by the local school district (in certain cases) and the foundation level. The General State Aid formula works so that every child in the state has access to resources for his or her education at least equal to the foundation level.

**Goals:** Specific plans that a department has for upcoming and future years. Goals identify intended end results but are often ongoing and may not be achieved in a single year.

**Government-Funded Funds and Special Grant Funds:** Funds established by the Board to account for programs that are fully reimbursable by the state or federal government and special grants.

**Governmental Accounting Standards Board (GASB):** Organization that establishes accounting standards for state and local governments in the U.S.

**Grant:** A contribution given by a government entity, private foundation or other type of organization to support a particular activity or function.

**Hold Harmless:** Under CPS's SBB model (see "Student Based Budgeting"), school funding levels are typically adjusted based on actual enrollment counts measured on the 20<sup>th</sup> day of the actual budgeting school year. However, in school year (SY) 14-15, CPS allowed schools that did not meet their enrollment targets to retain their SBB funding, essentially "holding schools harmless" against adverse financial impact that would have otherwise been caused by lower-than-expected enrollment figures. "Hold Harmless" was eliminated in the 2016 fiscal year budget.

**Homeroom Classrooms:** Refers to the number of allotted classroom spaces required for homeroom use. Homerooms are important for tracking daily attendance and distributing report cards. The number of

classrooms allotted for homeroom use is determined by multiplying the total number of classrooms by 0.769, rounding down to the nearest whole number.

**Ideal Program Enrollment (also referred to as Ideal Capacity):** For elementary schools, equals the number of Allotted Homeroom Classrooms multiplied by 30. For high schools, equals the total number of instructional classrooms multiplied by 30 multiplied by 80%.

**Illinois School-Based Health Services Program:** In September 1994, the Illinois Department of Public Aid (now the Illinois Department of Healthcare and Family Services) submitted a Medicaid State Plan Amendment, which expanded the range and scope of existing covered services and increased reimbursement rates. The program, based on 42 CFR 440.13D(d) of the Social Security Act, allows the district to receive reimbursements through Medicaid for certain services provided to eligible children.

**Illinois State Board of Education (ISBE):** The state organization created to oversee elementary and secondary education in Illinois.

**Individuals with Disabilities Education Act (IDEA) - PL 94-142:** Federal law which requires school districts to provide appropriate education services to children with disabilities. IDEA governs how states and public agencies provide early intervention, special education and related services to eligible infants, toddlers, children and youth with disabilities.

**Inter-government Agreement (1997 IGA) with City of Chicago - October 1, 1997:** The 1997 IGA represents a unique financing arrangement between the city of Chicago and the Chicago Public Schools to pay for the construction of new schools, school building additions and renovation of existing schools and equipment. The agreement provides that the city will help the Board to finance its Capital Improvement Program by providing it with funds to be used to pay debt service on bonds issued by the Board for such purpose. The amount to be provided by the city will be derived from the proceeds of ad valorem taxes levied in future years by the city on all taxable property.

**Inter-government Agreement using Tax Increment Financing (IGA-TIF):** This agreement secures revenues from certain eligible Tax Increment Financing districts, which will be used by the Chicago Public Schools to pay for the construction of new schools.

**Interest Earnings:** Earnings from available funds invested during the year in U.S. treasury bonds, certificates of deposit and other short-term securities consistent with our investment policies.

**Investments:** Securities and real estate held for the production of revenues in the form of interest, dividends, rentals or lease payments. The term does not include fixed assets used in governmental operations.

**Local School Councils (LSC):** Local School Councils are comprised of 6 parents, 2 community members, 2 teachers, 1 non-teacher staff, a school's principal and a student representative (high school LSCs only). The LSC is responsible for approving how school funds and resources are allocated, developing and monitoring the annual School Improvement Plan, and evaluating and selecting the school's principal.

**Levy:** Amount of money a taxing body authorizes to be raised from the property tax.

**Liabilities:** Debts or other legal obligations arising out of transactions in the past that must be liquidated, renewed or refunded at some future date.

**Long-term Debt:** Debt with a maturity of more than one year after the date of issuance.

**Lunchroom Fund:** A fund for the assets, liabilities, receipts and disbursements of the School Lunchroom Program.

**Maintenance:** All materials or contract expenditures covering repair and upkeep of buildings, machinery and equipment, systems and land.

**Medicaid Revenue:** Revenue from the federal Medicaid program that the Board receives as reimbursement for the provision of Medicaid-eligible services to eligible children.

**Miscellaneous Revenues:** Proceeds derived from notes and bonds sold by the Board, interest on investments and undistributed property taxes, collections from food service sales, rental of property, gifts, donations and sale of real estate owned by the Board.

**Mission Statement:** Designation of a department's purpose or benefits; how the department supports the overall mission of the system.

**Modified Accrual Basis:** An accounting method commonly used by government agencies that combines accrual- and cash-based accounting. Under this basis, revenues are recognized when they become both "measurable" and "available" to finance expenditures of the current fiscal period. Expenditures are recognized when the related fund liability is incurred, except when: (1) inventories of materials and supplies that may be considered expenditures, either when purchased or when used; (2) prepaid insurance and similar items that need not be reported; (3) accumulated unpaid vacation, sick pay and other employee benefit amounts that need not be recognized in the current period, but for which larger than normal accumulations must be disclosed in the notes to the financial statements; (4) interest on special assessment indebtedness that may be recorded when due rather than accrued, if offset by interest earnings on special assessment levies; and (5) principal and interest on long-term debt that are generally recognized when due.

**Multiplier:** See **Equalization Factor**.

**Multi-Tiered Systems of Support (MTSS):** A five-tiered performance system based on school performance metrics that together provide multiple lines of evidence for measuring school quality.

**Network:** Geographical grouping of schools for management and support purposes.

**No Child Left Behind Act (NCLB):** On January 8, 2002, President Bush signed into law the No Child Left Behind Act of 2001. This law provided for the most significant reform to the Elementary and Secondary Education Act (ESEA) since its inception in 1965. In December 2015, President Obama signed into law the Every Student Succeeds Act (ESSA), which updates and replaces NCLB and will go into full effect for School Year 2017-2018.

**Northwestern Evaluation Association Measures of Academic Progress (NWEA MAP):** Adopted by CPS in school year 2015-16 as the uniform assessment for all students applying to a selective enrollment school, academic center or gifted school.

**Object:** Specific nature or purpose of an expenditure. Object codes are common across all units, programs and projects. Examples of objects include professional services and teacher salaries. Also referred to as *accounts*.

**Office of Strategic School Support Services (OS4):** Ensures high-quality neighborhood schools for all students in every community by dramatically improving student achievement in underserved neighborhood schools. The department also seeks to increase school internal accountability and ensure effective school leadership and staff in all neighborhood schools.

**Operating Budget:** Financial plan outlining estimated revenues, expenditures and other information for a specified period (usually one fiscal year). Long-term costs, such as those related to capital projects, are typically excluded from the operation budget.

**Operating Expenses:** Proprietary fund expenses that are directly related to the fund's primary service activities.

**Operating Expense Per Pupil:** Gross operating cost of a school district for K-12 programs (excludes summer school, adult education, bond principal retired and capital expenditures) divided by the average daily attendance for the regular school term.

**Operations & Maintenance (O&M):** Represents the portion of taxes assessed for the maintenance and operations of the system's facilities. The O&M fund of the Public Building Commission covers O&M expenses for buildings leased by the school system from the commission.

**P.A.:** Abbreviation for "Public Act." Public acts are available on the General Assembly website at [www.ilga.gov](http://www.ilga.gov).

**P.A. 87-17:** Property Tax Extension Limitation Law that imposes a tax cap in Lake County, Will County, DuPage County, McHenry County and Kane County, as well as the prior year's EAV on Cook County. The tax cap limits the annual growth in total property tax extensions in the operating funds of a non-home rule government to either 5 percent or the percentage increase in the Consumer Price Index (CPI), whichever is less. The prior year EAV provision limits extensions in rate-limited funds to the maximum tax rate multiplied by the prior-year EAV for all property currently in the district.

**P.A. 88-593:** Public Act that requires all five state pension funds to reach 90 percent funding by the year 2045; also established a state goal of funding the Chicago Teacher Pension Fund at between 20 percent and 30 percent of state funding for the teacher retirement system.

**P.A. 89-1:** Property Tax Extension Limitation Law that imposes a tax cap in Cook County. The provisions of this tax cap are the same as in P.A. 87-17.

**P.A. 89-15:** Public Act that gives the mayor of Chicago effective control of the Chicago Board of Education; also changed the financial structure of the Board.

**P.A. 93-21:** Public Act that defines the current state poverty grant formula and defines the poverty count to be used for this grant as the unduplicated count of children in any one of four low-income programs (Medicaid, KidCare, TANF and food stamps); excludes children who are eligible for services from the Department of Children and Family Services.

**P.A. 93-845:** Public Act that authorized school districts to continue to file for adjustments of prior year GSA claims to reflect revenue lost due to property tax refunds.

**P.A. 94-976:** Property Tax Extension Limitation Law that set the maximum extension rate for funds subject to tax caps including the rate that requires voter approval. This does not allow a local government to exceed its total tax cap limit, but it does make it much less likely that tax rate limits in specific funds will prevent the local government from taxing up to its tax cap limit.

**P.A. 96-490:** Public Act that changed the value of the property tax bills mailed in the spring from 50 percent of the prior year's total bill to 55 percent of the prior year's total bill.

**P.A. 96-889:** Public Act that created a new second-tier pension plan for the state pension funds and the Chicago Teacher Pension Fund; changed the required funding schedule for the Chicago Teacher Pension Fund.

**P.A. 97-8 (SB 7):** Public Act that makes significant changes to teacher tenure, layoff and dismissal Policies; changes the process for resolving collective bargaining impasses.

**Partnership for Assessment of Readiness for College and Careers (PARCC):** PARCC is a consortium of states and the District of Columbia that are working to create and deploy a standard set of mathematics and English assessments for the purpose of measuring college and career readiness of students in grades K-12. The assessments are administered electronically and are closely aligned with the Common Core State Standards, and replace the former state ISAT exam. CPS first began administering PARCC during school year 2014-15 when the district focused on administering the assessment to elementary school students in grades 3-8 and high school students in English I and Algebra I / Integrated Math I courses.

**Penalty Date:** Date by which property tax bills are due and payable. In Cook County, the penalty date for first-half tax bills is normally March 1, and the penalty date for second-half tax bills is August 1.

**Pension:** A defined benefit amount paid regularly to a former employee during his or her retirement.

**Pension funded ratio:** A percentage measurement of actuarially-calculated assets compared to actuarially-determined pension liabilities.

**Pension Relief:** A legislative action by the Illinois General Assembly that temporarily reduced required pension contributions by CPS. The relief, which lasted three years, expired in FY2013.

**Performance Measures:** Specific measures of the workload and key outcomes of each department. These provide information about how effectively and efficiently the department is operating.

**Priority School:** A designation by the Illinois State Board of Education describing a Title I or Title I-eligible school that is a) among the persistently lowest performing 5% of all Title I schools within the state based on a 3-three-year average AND b) demonstrates a lack of progress OR c) is a Title I (participating or eligible) secondary school with a three-year average graduation rate of 60% or less.

**Program:** Instructional or functional activity.

**Program Description:** Describes the nature of service delivery provided at this level of funding. The description includes department/bureau mission, goals, accomplishments and performance measures as well as total expenditures and staff counts.



**Project:** An activity that usually has a given time period for its accomplishment and whose costs are generally reimbursed by the state or federal government.

**Property Tax Revenue:** Revenue from a tax levied on the equalized assessed value of real property.

**Proposed Budget:** Financial plan presented by the Chief Executive Officer for consideration by the Chicago Board of Education.

**Public Hearing:** A formal open meeting held to present information and receive public testimony on a local issue.

**Public Building Commission (PBC):** The Chicago municipal corporation from which local government taxing authorities lease facilities. The PBC issues bonds, acquires land and contracts for construction for capital projects of other local governments associated with the facilities that are being leased. Annual payments on these leases are included in the local government's tax extensions. The Chicago Board of Education is currently leasing many facilities from the Public Building Commission.

**Public Building Commission Lease/Rent Fund:** Debt service fund for the receipt and disbursement of the proceeds of an annual tax levy for the rental of school buildings from the PBC. Most of the rental payment is used by the PBC to make debt service payments on revenue bonds that were issued to finance capital projects in the schools that are leased from the PBC.

**Public Building Commission Operation and Maintenance Fund:** Fund for the receipt and disbursement of the proceeds of an annual tax levy for operation and maintenance of buildings leased from the PBC.

**Prior Year's EAV:** Provision of P.A. 87-17 which requires that extension limits for rate-limited funds for Cook County governments be determined using the EAV one year prior to the year of the levy.

**Rate Limited Fund:** Fund to account for the accumulation and use of revenue generated by a rate-limited tax levy. P.A. 89-15 collapsed all of the Board's rate-limited funds into the Education Fund as of FY1996.

**Reserve:** Account used to indicate that a portion of a fund balance is restricted for a specific purpose, or an account used to earmark a portion of a fund balance to indicate that it is not available for expenditure. A reserve may also be an account used to earmark a portion of fund balance as legally segregated for a specific future use.

**Revenue Bonds:** A municipal bond whose principal and interest are payable exclusively from a revenue source (rather than a tax source) that is pledged as the payment source before issuance.

**Safe Passage:** A program designed to increase children's safety as they walk to and from school by placing CPS employees along designated safe passage routes.

**Seal of Biliteracy:** The Seal of Biliteracy is an award given by a school, district or county office of education in recognition of students who have studied and attained proficiency in two or more languages by high school graduation. It is designed to function as a nationally-recognizable standard of achievement in bilingual education. In Illinois, the State Seal of Biliteracy will be designated on the high school diplomas and transcripts of graduating public school pupils attaining proficiency in one or more languages in addition to English.

**School Actions:** Significant changes to schools that require Board approval. Examples of school actions include consolidations, school moves and turnaround implementation.

**School Improvement Plan (SIP):** A two-year strategy and written plan for strengthening the core academic subjects and improving the overall academic status of schools that are placed on academic early warning or academic watch status by the Illinois State Board of Education.

**Social Impact Bond (SIB):** A debt instrument that commits a public sector entity to pay for improved social outcomes that result in public sector savings. Private investors inject capital into the specified social initiative and are paid a financial return by the public entity only if social outcomes are achieved. SIBs are also known as “Pay for Success Bonds” or “Social Benefit Bonds”.

**Space Use Status:** There are three Space Use Statuses: Underutilized, Efficient and Overcrowded. Underutilized is defined as School Enrollment less than the lower end of the Enrollment Efficiency Range, Efficient is defined as School Enrollment within the Efficiency Range, and Overcrowded is defined as School Enrollment greater than the upper end of Efficiency Range.

**Space Utilization Index:** A school's enrollment expressed as a percentage above or below the Ideal Program Enrollment of the facility.  $\text{Space Utilization Index} = (\text{Enrollment} - \text{Ideal Program Enrollment}) / \text{Ideal Program Enrollment}$ . Also communicated as Utilization Rate, which is equal to Space Utilization Index +100%.

**Special Revenue Funds:** A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

**State Aid Pension Revenue:** Revenue from an annual state appropriation to fund a portion of the employer contribution to the Chicago Teachers’ Pension fund.

**State Statute:** A law enacted by the Illinois General Assembly and approved by the governor.

**Structural Deficit:** A deficit that exists even when the economy is at its potential. Structural deficits can only be addressed by explicit and direct government policies: reducing spending, increasing the tax base and/or increasing tax rates.

**Student Based Budgeting (SBB):** A flexible, per-pupil funding model giving principals more control over the resources they can use to best meet the needs of their students. Unlike the District’s prior Quota funding methodology, which provided specific positions for each school, Student Based Budgeting provides dollars based on the number of students at each school allowing principals to structure the school in the way that best serves its students. CPS moved to Student Based Budgeting in FY2014.

**Supplemental General State Aid Fund (SGSA) (formerly State Chapter I):** Fund for the receipt and disbursement of Supplemental General State Aid.

**Supplemental General State Aid Revenue (SGSA) (formerly State Chapter I):** Portion of general state aid which the Chicago Board of Education receives that is attributable to the number of low-income children in the school district and must be used to supplement and not supplant the basic programs of the district.

**Tax Base:** The total value of all taxable real and personal property in the city as of January 1 of each year, as certified by the Appraisal Review Board. The tax base represents net value after all exemptions.

**Tax Caps:** Abbreviated method of referring to the tax increase limitations imposed by the Property Tax Extension Limitation Laws (P.A. 87-17 and P.A. 89-1). A tax cap places an upper bound on the amount of government tax that an individual might be required to pay.

**Tax Increment Financing (TIF):** A public financing method of providing local property tax funding for economic development projects within a designated TIF area.

**Tax Rate:** The amount of a tax stated in terms of a percentage of the tax base.

**Tax Rate Limit:** Maximum tax rate that a county clerk can extend for a particular levy. Not all tax levies have a tax rate limit.

**Tax Roll:** Official list showing the amount of taxes levied against each taxpayer or property in the county.

**Title I Grant:** provides financial assistance to local educational agencies (LEAs) and schools with high numbers or high percentages of children from low-income families to help ensure that all children meet challenging state academic standards.

**Title II Grant:** Federal grant that seeks to increase student achievement by supporting the placement and development of highly qualified, effective leaders in every school.

**Tort Fund:** Used to collect tort fund revenue received from a special property tax earmarked to fund expenses related to tort judgment and settlement, liability, security, workers' compensation, unemployment insurance and risk management. The monies in this fund, including interest earned on the assets of this fund, should be used only for the purposes authorized under the Tort Immunity Act.

**Total Classrooms:** Refers to the number of classroom spaces (located within a permanent non-leased building) designed to be used as classrooms regardless of current use, including science labs, art rooms, resource rooms and special education rooms, but excluding spaces not designed as classrooms, such as offices, lunchrooms, libraries, gymnasias and auditoria.

**Turnaround School:** An underperforming school participating in a reformation model that begins with new leadership, new teachers and staff – with many of them trained to teach in urban schools – new curriculum, additional after-school programs and newly renovated facilities. The same students return in the fall to the same school, with a new climate focused on success for every student.

**Turnover:** The anticipated savings resulting from the delay in staffing new positions and those positions that become vacant during the course of the school year.

**Unit:** Each school, central office department, network office, or other special operating entity represented by a five-digit number. Examples of units include the Law Department and DuSable High School.

**Uniform Pension System:** A standard pension system that treats all teachers and all taxpayers in a given state exactly the same. References to a "uniform pension system" as it relates to CPS expresses the desire for the Chicago Public School district to be treated exactly the same as other school districts within Illinois in terms of receiving funding from the state to cover annual teacher pension costs.